

Discussion of Existing Exchange Planning and Exchange Establishment Progress

Background Research

The State of Illinois identified background research as an early priority in Exchange implementation. As part of its original Exchange Planning Grant, Illinois contracted with Health Management Associates (HMA) and Wakely Consulting Group (Wakely) to produce [a report](#) detailing the costs, staffing implications, and IT and infrastructure needs associated with an Exchange. The report also defined major policy decisions related to the Exchange, presented an option for financing operations through an assessment on participating Qualified Health Plans (QHPs), and made recommendations for education and outreach activities associated with the Exchange. In a separate [report](#), HMA and CSG Government Solutions (CSG) presented options for the State to transition its existing public health program eligibility systems to the level of functionality required under the ACA. State staff from the Departments of Insurance (DOI) and Healthcare and Family Services (HFS) worked closely with the consultants to develop the final reports, which utilized data obtained through DOI's targeted market examination authority as well as interviews with State employees. Final reports for these projects were presented to officials from DOI, HFS, the Governor's Office, and Members of the Illinois General Assembly in September 2011. Consultants from Wakely also testified before the Illinois Health Benefits Exchange Legislative Study Committee (LSC), and their findings were cited extensively within the Committee's final report. Each report has been instrumental in the State's development of work plans across all Exchange core areas.

Illinois also used Planning Grant funding to contract with Deloitte LLP (Deloitte) to produce a [report](#) providing detail on the current state of the health insurance market in Illinois as well as projections for market conditions in the years following the implementation of an Exchange. As part of its analysis, Deloitte utilized data from several State agencies, including DOI, HFS, the Department of Public Health (DPH), the Office of Health Information Technology (OHIT), and Central Management Services (CMS). Deloitte also conducted a targeted population survey to obtain qualitative information about the State's uninsured population and assess barriers to the insurance marketplace. The final report was presented to officials from DOI, HFS, and the Governor's Office in September 2011, and its findings contributed substantially to the LSC's final report. All three of the reports noted above are available online at <http://insurance.illinois.gov/hiric/hie.asp>, and have been submitted to federal partners.

As part of its first Level I Exchange Establishment Grant, Illinois contracted with HMA and Wakely in December 2011 to provide the following analysis:

- 1) Evaluate Options and Develop Operational Plan for Illinois Navigator Program;
- 2) Evaluate Options for Risk Adjustment & Reinsurance Programs;
- 3) Evaluate options for Illinois Small Business Health Option Programs (SHOP) Exchange Qualified Health Plans;
- 4) Propose process for Qualified Health Plan (QHP) certification, recertification and decertification;
- 5) Evaluate Alternative Revenue Options

The [Navigator report](#), completed by HMA in July 2012, proposed options for program oversight, structure of the grant program, Navigator compensation structure, stakeholder involvement, and long-term financing. As described in the State Partnership Exchange Blueprint submitted to HHS on November 16, 2012, Illinois will adopt the recommendations of the report in administering its In-Person Assister program and, where applicable, in its oversight of the Navigator program. An additional HMA report analyzing the areas of the state in greatest need of outreach and assister services is expected to be released in the near future.

The [Risk Adjustment and Reinsurance report](#), completed by Wakely in November 2012, evaluated federal requirements and policy options for state administration, and included a work plan for necessary activities to implement each program. Due to a lack of state resources and a compressed timeline for implementation, the report recommended allowing the federal government to operate the reinsurance program in Illinois. The state will monitor feedback from carriers and other stakeholders in order to determine whether to operate the program in future years. The state will also monitor feedback on the risk adjustment program in order to determine whether the state should assume control should it succeed in setting up a State-based Exchange in 2015.

The [SHOP report](#), discussed in greater detail in its own portion of this section of the application, was produced by Wakely and released in May 2012. The report, which addressed topics such as employee choice, producer strategy, and billing rules and practices, will guide the Department's approach to developing a SHOP. Separately, DOI entered into an intergovernmental agreement with the University of Illinois-Chicago (UIC) School of Public Health to conduct a [survey](#) of state small business owners related to their health insurance needs. The results of this survey are discussed in the "Stakeholder Consultation" and "SHOP" sections below.

The Department also received recommendations from Wakely related to the process for certifying Qualified Health Plans to appear on the Exchange. The recommendations have informed the process the State intends to implement in 2013 under the Partnership Exchange as outlined in its Blueprint application. Additionally, Wakely provided actuarial assessments of each potential benchmark plan during the State's Essential Health Benefits selection process.

An [alternative financing options report](#) examined options for long-term financing beyond a QHP assessment and is discussed in the "Long-Term Financing Options" section below.

In the future, the State will need to conduct extensive marketing research in order to test messages for both paid media and outreach and educational materials. The state is requesting funding for such research through this grant application.

Legal Authority and Governance

In December 2010, DOI convened five stakeholder working groups—consumer and patient advocates, providers, employers, carriers, and producers—to provide expertise and opinion as it drafted legislation to establish an Exchange. After incorporating the suggestions of the stakeholder groups, DOI staff worked with Senator David Koehler to introduce SB 1729 on March 17, 2011. The legislation proposed to establish the Illinois Health Benefits Exchange as a quasi-governmental entity financed in a manner independent of general revenue funds. The Exchange would facilitate both individual and SHOP markets and would be governed by a nine-voting-member board appointed by the Governor (7 members) and Attorney General (2 members). SB 1729 failed to advance out of the Senate Insurance Committee.

Though SB 1729 did not emerge from the Spring 2011 Session, a separate bill related to Exchanges, SB 1555, was passed out of the General Assembly on May 29, 2011, and signed into law by the Governor shortly thereafter. SB 1555 declared Illinois' intention to establish a State-level Exchange by January 1, 2014. However, the bill did not include a governance structure or take other direct measures toward Exchange establishment, such as establishing a financing mechanism. Instead, it established a Legislative Study Committee (LSC) consisting of 12 Members of the General Assembly (3 Members each appointed by the Majority and Minority Leaders of the House and Senate) to conduct a study and produce recommendations concerning prospective actions through 2014 toward the establishment of an Exchange. After conducting six public hearings at which it received testimony from State officials, consultants working on the Needs Assessment projects, and a diverse array of stakeholder groups, the LSC issued its

final report on October 18, 2011. Though the report identified requirements for Exchange legislation, it did not make specific policy recommendations.

Two of the LSC's Chairs (Rep. Frank Mautino and Rep. JoAnn Osmond) submitted separate Exchange legislation during the abbreviated Fall 2011 Veto Session that took place shortly after the release of the Committee's final report. Each of the bills took the form of an Amendment to SB 1313 and would have established governance structures for the Exchange, though they differed in areas such as board appointment power, confirmation process of board members, financing, and severability. A third bill sponsored by Rep. Robyn Gabel largely differed in these areas as well. DOI and HFS officials met with gubernatorial staff, legislators, and stakeholders during the Veto Session to attempt to forge a compromise around these outstanding issues. Unfortunately, the Veto Session ended without action.

On February 7, 2012, Rep. Mautino introduced HB 4141, an Exchange bill similar to the one he introduced during the Fall Veto Session, and Rep. Osmond also reintroduced her legislation in the form of HB 4574. Negotiation sessions were eventually halted due to the impending Supreme Court decision on the Affordable Care Act and the immediate need to pass pension and Medicaid reform legislation.

Currently, an Exchange bill has been introduced in the Senate by Sen. David Koehler (SB 34). State officials anticipate working with legislators and stakeholders to pass a bill as quickly as possible in the spring session. SB 34 includes a governance structure modeled after a quasi-governmental entity and a financing structure in the form of an assessment on all insurers in Illinois. An Exchange bill has not been introduced in the House yet this session, but discussions are ongoing between chambers, stakeholders and the Governor's office. The Senate bill will then move to the House where a similar bill had been drafted last year. Final passage is anticipated before the May 31, 2013 scheduled adjournment.

Governance

Following its formation in 2010, the Health Care Reform Implementation Council (HRIC) sought comments from the public and stakeholder groups about the structure and governance of an Exchange in various requests posted on the Governor's Health Reform website. This information helped contribute to recommendations made by the HRIC in its final report released on January 31, 2011. This report reflected the consensus that the Exchange be established as a quasi-governmental entity, which continues to be reflected in drafted legislation.

As mentioned above, legislation introduced in the Illinois General Assembly also has addressed the issue of governance. The recently introduced bill in the Illinois State Senate, SB 34, establishes the Exchange as a quasi-governmental entity with an eleven member Board of Directors, all appointed by the Governor. The composition of the Board requires that no more than one voting member may be an individual employed by, consultant to, or member of the board of directors of an insurer or producer. Additionally, no more than one voting member may be an individual who is a member of a board of directors of a health care provider, health care facility or health clinic. At least one member must represent a labor interest group, women's interest group, minorities' interest group, disabled persons' interest group, small business interest group and public health interest group. Each board member must have demonstrated expertise in health and insurance related competency areas. This language represents a compromise among stakeholders on the Board composition.

Stakeholder Consultation

Throughout the Exchange development process, Illinois has consistently solicited the advice and opinions of a wide variety of stakeholders. In July 2010, Governor Pat Quinn signed Executive Order 10-12, establishing the HRIC, an intergovernmental body responsible for producing recommendations for State policy pursuant to the implementation of the Affordable Care Act (ACA), including recommendations

related to the establishment of an Exchange. In developing its recommendations, the HRIC held public meetings and received testimony from stakeholders at locations in all regions throughout the State, and established a website (<http://healthcarereform.illinois.gov>) through which additional comments could be received. The final report, issued January 31, 2011, included a recommendation for State operation of an American Health Benefits Exchange as a quasi-governmental entity, as well as recommendations related to operating model, separation of the Individual and SHOP Exchanges, separation of the individual and small group risk pools, regional and subsidiary Exchanges, and long-term financial sustainability. The executive order and final report are available online at <http://insurance.illinois.gov/hiric/hie.asp>.

On November 15, 2010, the State posted a comprehensive request for public comment, entitled *The Affordable Care Act: Key Issues for Public Comment; Health Insurance Reform and the Option of Establishing an Insurance Exchange in Illinois*. The document solicited feedback from stakeholders on six different aspects of the Exchange:

1. Functions of a Health Benefit Exchange;
2. Structure and Governance;
3. The External Market and Addressing Adverse Selection;
4. Structure of the Exchange Marketplace;
5. Self-Sustaining Financing for the Exchange; and
6. Eligibility Determination.

This request for public comment was posted on the State's health reform implementation website, and circulated to all potential stakeholders. A press release was issued to announce the opportunity to provide extended input. The State received approximately 80 comments from individuals across the State and from every group of stakeholders identified. Each response is posted on the State's health reform website. The comments informed the final recommendations of the HRIC to the Governor on the Exchange and other topics. All comments are available on the HRIC website (<http://healthcarereform.illinois.gov>), and have been submitted to federal partners through the quarterly reporting process.

In December 2010, the Department of Insurance (DOI) launched a series of stakeholder working group meetings to solicit feedback and expertise in the development of legislation to establish an Exchange. Participating stakeholder groups included consumer and patient advocates, providers, employers, carriers, and producers. The working groups met separately five times before convening together to discuss draft legislation on March 8, 2011.

Pursuant to federal regulation (42 CFR, §431.12), Illinois has established and consults a Medicaid Advisory Council (MAC). The MAC advises HFS with respect to policy and planning related to the health and medical services provided under the department's Medical Programs including Medical Assistance, All Kids, and FamilyCare—which among them incorporate the Illinois CHIP. The MAC is a venue through which to obtain stakeholder feedback on streamlining eligibility for public health care programs. During the May 6, 2011 MAC meeting, HFS asked one of the State's Needs Assessment consultants—CSG—to poll advocacy organizations for suggestions on how to improve enrollment and program integration. The result of that effort was the presentation of a white paper on June 2, 2011 from a group of six advocacy organizations entitled “*Comments from Interested Parties on Illinois' Design of EVE*”. This paper included feedback from stakeholders with specific enrollment experience on elements that they would consider crucial for a successfully integrated eligibility system. Recent MAC activities include soliciting feedback on the Medicaid benchmark plan which will specify the benefits individuals who are newly eligible for Medicaid will receive. Several public meetings have been held on this topic in addition to written comments solicited by the MAC. Additionally, DOI has participated in the MAC Public Education Subcommittee to present information on the Navigator and Assister programs. Participation on this subcommittee will be ongoing.

Another opportunity for stakeholder engagement emerged through the State's agreement to participate in the Enrollment User Experience 2014 (Enroll UX 2014) project sponsored by the California HealthCare Foundation in partnership with CMS and Palo Alto-based private firm IDEO. In March 2011, the State engaged Kathy Chan, Associate Director of the Illinois Maternal and Child Health Coalition, as well as Peter Eckart from Illinois Public Health Institute to join its project team. Kathy Chan and Peter Eckart attended Enroll UX 2014 events with State officials and offered their perspectives as leaders in the patient advocate community throughout the development of the project's deliverables.

Kathy Chan, and various State staff members, have also been involved in another effort spearheaded by the Illinois Department of Human Services (DHS) and funded by the Chicago Community Trust to hold a series of discussion groups—with consumers, advocates and providers—about how they would like to contribute to various programs, including Medicaid, along a number of dimensions, including eligibility and enrollment. These discussions were held around the State in summer and fall 2011.

The Legislative Study Committee (LSC) process initiated by the passage of SB 1555 permitted the opportunity for a diverse set of stakeholders to offer opinions directly to legislators in open public forums. Stakeholders provided testimony at three of the LSC's five public hearings. Groups that chose to testify included providers, unions, medical and policy associations, business interest groups as well as independent businesses, carriers, agents and brokers, insurance industry groups, and civic and civil rights organizations. Testimony covered a broad variety of issues related to the Exchange, including governance structure, governing board composition, financing mechanisms, and operating models. The [final report](http://insurance.illinois.gov/hiric/hie.asp) published by that Committee is available online at <http://insurance.illinois.gov/hiric/hie.asp>.

In February 2012 DOI initiated a series of conversations with carriers related to Qualified Health Plan (QHP) certification and other plan management requirements as well as State options and requirements related to risk adjustment and reinsurance. Input from the carriers was instrumental in developing the Department's proposed approach to Plan Management as described in the state's Blueprint application.

The HRIC reconvened in the summer of 2012 to continue providing a vehicle for stakeholder engagement around the Exchange and other aspects of the Affordable Care Act. The HRIC held a specific meeting on the Navigator program, providing an open public comment period leading up to the meeting. Comments were sought on a report and recommendations provided by Health Management Associates. The HRIC meeting offered another opportunity to stakeholders to publicly testify before the Council on opinions related to the Navigator program. The state received comments from over 50 organizations and individuals expressing their input on the program.

The HRIC also established a workgroup to focus specifically on Illinois' Essential Health Benefits package. As required by HHS, Illinois submitted a recommendation for an Essential Health Benefits benchmark plan to the Department on September 30, 2012. Before September 30, the workgroup gathered information about benchmark options and made a [comparison chart](#) available to the public. The HRIC held an open public comment period through the Governor's health reform website and received 114 individual comments as well as 661 signatures on a letter submitted by the Illinois Acupuncture Federation. Individuals were again invited to publicly testify at an HRIC meeting on the subject of Essential Health Benefits.

Most recently, the HRIC held a meeting to identify the specific role stakeholders think the Exchange should play in the market, including efforts an Exchange can pursue to offer high quality, affordable health insurance to individuals and small groups. The HRIC again sought input from stakeholders through an online [survey](#) in January 2013. The survey received 89 comments from stakeholders in Illinois. A

summary of these comments is pending and will be publicly available for stakeholders on the Governor's health reform website.

In addition to activities of the HRIC, the State has worked in partnership with stakeholder organizations in Illinois around outreach and education activities. In October 2012, the Illinois Maternal and Child Health Coalition and BlueCross BlueShield hosted a summit in partnership with Enroll America to engage stakeholders in Illinois around Exchange outreach and education opportunities. In addition to community organizations, several state agencies, including DOI, the Department of Healthcare and Family Services (HFS), and the Department of Human Services (DHS), participated in the summit. As a central component of the Partnership Exchange, stakeholder engagement around outreach and education will continue to be a priority.

Long-term Operational Costs

The Needs Assessment report conducted by HMA and Wakely through the state's Exchange Planning Grant included analysis of start-up costs through 2013 and operational costs of a State-based Exchange in 2014 and 2015. Wakely staff drew upon their experience implementing the Massachusetts Connector and on other available data to make estimations for expenditures across all required functional categories of an Exchange. The report estimated start-up costs to total approximately \$92.3 million through 2013, with operational costs projected to run at \$39.3 million in 2014 and \$73.0 million in 2015 based on a "moderate" enrollment scenario. In order to provide an estimate of the per-member per-month surcharge necessary to support Exchange operations beginning in 2014, Wakely also estimated premium levels for plans sold on the Exchange, and applied predictions for take-up by metal tier to enrollment projections supplied through separate analysis conducted by Deloitte, arriving at an Exchange premium volume of approximately \$1.2 billion in 2014 and \$2.8 billion in 2015. The necessary Exchange premium surcharge to support operations under a moderate enrollment scenario in 2014 (486,000 members) was 3.34%; under the moderate enrollment scenario in 2015 (with enrollment increasing to 692,000 members), the necessary surcharge would be 2.59%. The findings for each enrollment scenario examined are presented in the tables below.

2014	Low Enrollment Estimate	Moderate Enrollment Estimate	High Enrollment Estimate
Number of Lives	291,600	486,000	680,400
Estimated Premiums	\$706,093,101	\$1,178,602,875	\$1,650,044,026
Total Operating Costs	\$32,174,030	\$39,323,179	\$46,713,795
Necessary Fee on Premiums to support operations (PMPM Surcharge)	4.56%	3.34%	2.83%

2015	Low Enrollment Estimate	Moderate Enrollment Estimate	High Enrollment Estimate
Number of Lives	415,200	692,000	968,800
Estimated Premiums	\$1,691,923,983	\$2,819,873,305	\$3,947,822,627
Total Operating Costs	\$57,365,780	\$73,041,573	\$88,595,438
Necessary Fee on Premiums to support operations (PMPM Surcharge)	3.39%	2.59%	2.24%

The state obtained analysis of alternate funding options as part of a Wakely report produced under its first Level One Exchange Establishment Grant, awarded August 15, 2011. A final report, released in November 2012, examined an assessment of all fully insured health premium revenue similar to the current assessment for the Illinois Comprehensive Health Insurance Plan (ICHIP, the state-run high risk pool), an assessment of fully insured premiums and certain stop-loss premiums not currently captured, and an assessment of all claims from fully insured and self-insured plans across the state. The range of assessments necessary to support Exchange operations across enrollment scenarios are presented in the table below.

Assessment Methodology	2015 High Enrollment-Low Enrollment Assessment Range Necessary to cover Exchange Operations
Commercial Claims-based Assessment	0.22% - 0.34%
ICHIP-type Assessment	0.34% - 0.53%
ICHIP-type Assessment Plus Stop Loss Revenue	0.34% - 0.52%
QHP Premium Assessment	2.24% - 3.39%

Illinois will be operating a State Partnership Exchange in plan year 2014, and will use Exchange Establishment funding to finance all approved Partnership activities. A Work Plan and Budget Narrative encapsulating all 2013-2014 Partnership Activities is included as part of this application. As the state looks to establish a State-based Exchange for Plan Year 2015, it will continue to utilize 1311 Grant funding for all establishment activities. The long-term funding mechanism will likely be established in legislation passed by the Illinois General Assembly during its 2013 Spring Session. In any case, the state will evaluate 2014 enrollment and premium levels in the Illinois FFE in setting its assessment for supporting operations when transitioning to self-sustainment for the 2015 plan year.

Program Integration

The State has worked extensively to establish and utilize intergovernmental relationships to successfully integrate and coordinate ACA implementation. As mentioned previously, Governor Pat Quinn signed Executive Order #10-12 on July 29, 2010 to create the HRIC. The HRIC holds bimonthly public meetings on topics related to ACA implementation. It is chaired by the Governor's office and Council members include the Directors of DOI, HFS, DHS, Department Public Health (DPH), Department on Aging, Office of Health Information Technology (OHIT), Central Management Services (CMS), and Governor's Office of Management & Budget (GOMB).

In the summer of 2012, the HRIC created an Essential Health Benefits Workgroup, comprised of staff from the Governor's Office, DOI, HFS, DHS, DPH, Aging, and GOMB to evaluate and consider the 10 benchmark choices available to Illinois through analysis of the various plan benefits, an actuarial report produced by Wakely Consulting, feedback from clinical experts (including the state's Public Health Advocate), and 114 public comments, and then make a formal recommendation to the HRIC.

Additionally, the HRIC has created a Workgroup on Justice Populations (WJP) consisting of policy leaders at the Governor's Office (including the Exchange Director and an Exchange policy staffer), HFS, DHS, and Department of Corrections. This workgroup is planning a strategy for managing the specialized, high-need population that funnels in and out of the criminal justice system and looking at access to health care through the Exchange and Medicaid. Between April 2011 and August 2012, the WJP held a series of exploratory meetings with state and county agencies to determine the appropriate scope, implementation process, and deliverables. These discussions also provided an opportunity to discuss ACA implications for justice-involved adults, identify existing strategies and practices that bridge public systems to provide health care to justice-involved populations, and identify action steps to leverage

the ACA for justice-involved adults. Thus far, the work has resulted in two county probation pilot projects, a pilot project within DOC to identify current Medicaid eligibles prior to release from incarceration, and a successful grant application to the federal Bureau of Justice Assistance to implement a comprehensive health reform strategy with the Cook County criminal justice and health systems. The comprehensive strategy will include enrollment into all appropriate healthcare affordability programs, including Medicaid and the Exchange.

The Exchange policy team, DOI regulators, and DPH regulators have also been working together to implement plan management activities under the Illinois Partnership Exchange. The Illinois Managed Care Reform and Patient Rights Act provided DPH with authority to review network adequacy and quality standards of health maintenance organizations (HMOs). As a result, HMO qualified health plan (QHP) applicants will have the network adequacy and quality sections of their QHP application reviewed by DPH regulators, who will make a recommendation to DOI on whether or not the applicant has met these standards. The Exchange's Design Management Team is currently evaluating regulator workflow processes with DOI (and DPH as it relates to the review of network adequacy and quality) to ensure plan management functions occur efficiently. Coordination between DOI and DPH will continue when the Health Insurance Exchange (HIX) system vendor comes on board to develop additional plan management functionality to further increase efficiencies in the QHP review and oversight process.

Additionally, the Exchange team, HFS, and DHS continue to work together closely on ACA implementation. Lead staff from the Exchange (housed at DOI) and HFS jointly convened an intergovernmental planning group in the Fall of 2010 to address Eligibility, Verification and Enrollment (EVE) determinations and processes across all related State departments and agencies as it relates specifically to ACA implementation in Illinois. This group included representatives from the Governor's office, DHS, and the Office of Health Information Technology, which is implementing the Illinois Health Information Exchange (ILHIE). Subject matter experts on various aspects of Insurance, Medicaid, CHIP, and other public health programs—including policy, operational, and information technology specialists—also are included in this group, such as the lead staff for the Frameworks project, an ongoing State effort to integrate and update information systems for all health care and human service programs across seven State agencies.

In Summer 2011, the EVE planning group officially became the Eligibility Modernization Oversight Group (EMOG), adopted a specific charter and created subgroups to advance progress in various areas, including policy, business processes, and change management. In October 2011, CSG was retained through a sole-source contract to provide advice on the development of the Request for Proposal (RFP), and separately awarded a contract to act as a Project Management Office for an Integrated Eligibility System (IES) system build in March 2012. An RFP for an Integrated Eligibility System (IES) was released on March 26, 2012. On Oct. 16, Illinois executed an IT contract with Deloitte to build the IES as a transfer of the Michigan Bridges system. Requirements clarification and design work are underway and EMOG Executives from the Exchange, HFS, and DHS continue to meet weekly to discuss implementation and make necessary policy and system decisions. Due to the absence of State Exchange legislation, integration between the Exchange and IES has been pushed back to Phase 1.5, set to coincide with the introduction of a State-based Exchange for plan year 2015 (with open enrollment beginning in October 2014). However, the Exchange team continues to be actively involved in the development of IES in anticipation of future integration. Additionally, an RFP was released on November 30, 2012 for an Independent Verification and Validation (IV&V) vendor for IES and the Exchange; proposals are currently being scored. The Exchange team, DHS, HFS, and OHIT also continue to discuss opportunities to integrate the HIE, IES, and Exchange. Additionally, the Exchange team, DOI, HFS, and DHS also are coordinating on issues outside of eligibility and enrollment, including assister training, call center functionality, and outreach and marketing efforts, to ensure all ACA implementation activities are coordinated and efficient. For example, the Exchange team plans to leverage the Medicaid and CHIP

training developed by HFS and DHS for its caseworkers as part of its required, state-specific training curriculum for Illinois assisters. Overall, robust interagency collaboration and communication have kept the implementation process coordinated and well planned.

Intergovernmental Agreements

Three intergovernmental agreements (IGA) have been approved within the State to support Exchange activities. DOI, HFS, and the Office of the Governor executed an intergovernmental agreement on February 22, 2011. This agreement permits DOI to share planning grant funding with HFS and the Governor's Office as needed for purposes related to the Exchange. The second IGA, executed October 3, 2011, is between DOI, HFS, DHS and the Governor's Office and relates to the collaboration across the activities of these key Departments and agencies related to the establishment of an Exchange specifically for the Level 1 grants. A third IGA was executed on March 12, 2012 between HFS, DOI, DHS and the Governor's Office specifically related to IES activities (including management of funding provided through Medicaid match). IGAs will be amended and/or replaced as necessary once an Illinois State-Based Exchange is established by Illinois statute.

The State also previously signed an IGA agreement with UIC to conduct a study of small business owner needs related to an Exchange. UIC researchers developed and conducted polling of Illinois small business owners and convened a series of focus groups to develop their analysis of this critical market segment. UIC issued a final report on August, 16, 2012, which found that most participants believe their broker is knowledgeable and necessary when purchasing health plans, a lack of understanding of how small businesses and individual employees will use the SHOP, a fear that there will be little post-enrollment assistance, and that employers were most interested in using the Exchange/SHOP if it were able to take on the burden of answering employee questions about providing health insurance and using the Exchange if it meant removing their business from any involvement in health coverage for employees. There was also a strong desire to seek "clear" information from the SHOP about health insurance options for covering employees.

Additionally, the Exchange team is currently in the process of negotiating an IGA with the University of Illinois at Chicago (UIC) School of Public Health to develop and implement the state-specific training curriculum for Assisters. The UIC School of Public Health faculty members have experience in healthcare economics, health insurance practices, outreach and training, health literacy and system navigation. The University also has a network throughout the state, including Springfield and Champaign-Urbana, providing statewide facilities for training. UIC can also pull together stakeholders and facilitate collaborative discussions around training needs and principles as a trusted resource within the community. Evaluation of assister training efforts is a priority for the state, and the UIC's position as a research institution with statewide facilities for training will allow Illinois to meet these needs.

Business Operations/Exchange Functions:

On October 16, 2012, Governor Pat Quinn sent a letter to HHS declaring that Illinois will enter into a Partnership Exchange with the Federal Government for plan year 2014, with the goal of being a State-Based Exchange for plan year 2015. On October 18, the Exchange team and HFS met with CCIIO in the HHS Regional Chicago Office for a consult to discuss plan management and consumer assistance activities being proposed by Illinois under the Partnership Exchange model. At this meeting, the state received clarification on the plan management recommendation and certification process, the role of the state versus OPM in Multi-State Plan approval and oversight, and the role of In-Person Counselors. It was determined that Illinois and CCIIO would need to have future conversations with the CMS Office of Communications (CMS/OC) to further discuss call center transfers between the state and federal government and the coordination of outreach, education, and marketing efforts. Exchange and HFS staff discussed call center and outreach, education, and marketing expectations and coordination with CMS/OC

on January 25, 2013 and had another call to further discuss an Illinois Assister website on February 5, 2013.

On November 16, 2012, Illinois submitted its Partnership Exchange Blueprint outlining how Illinois will logistically conduct its responsibilities as a Plan Management and Consumer Assistance Partner. Illinois is currently negotiating Plan Management and Consumer Assistance Memorandums of Understanding (MOUs) with CMS and is awaiting formal approval of its Blueprint application. On July 21, 2012, the Department of Insurance issued an RFP to build IT functionality for a Partnership Exchange for plan year 2014 and a state-based Exchange for plan year 2015. The procurement process is ongoing. To prepare for the selection and arrival of a HIX system vendor, the Design Management Team has been hosting weekly meetings with Exchange policy and outreach staff to prepare them to work with the HIX system vendor when it comes on board. Topics have included business architecture, risk and issue management, the change control process, communication management plans, deliverable expectation documents, etc. These meetings help ensure that the Exchange team is prepared to onboard the HIX system vendor and begin work shortly upon contract award.

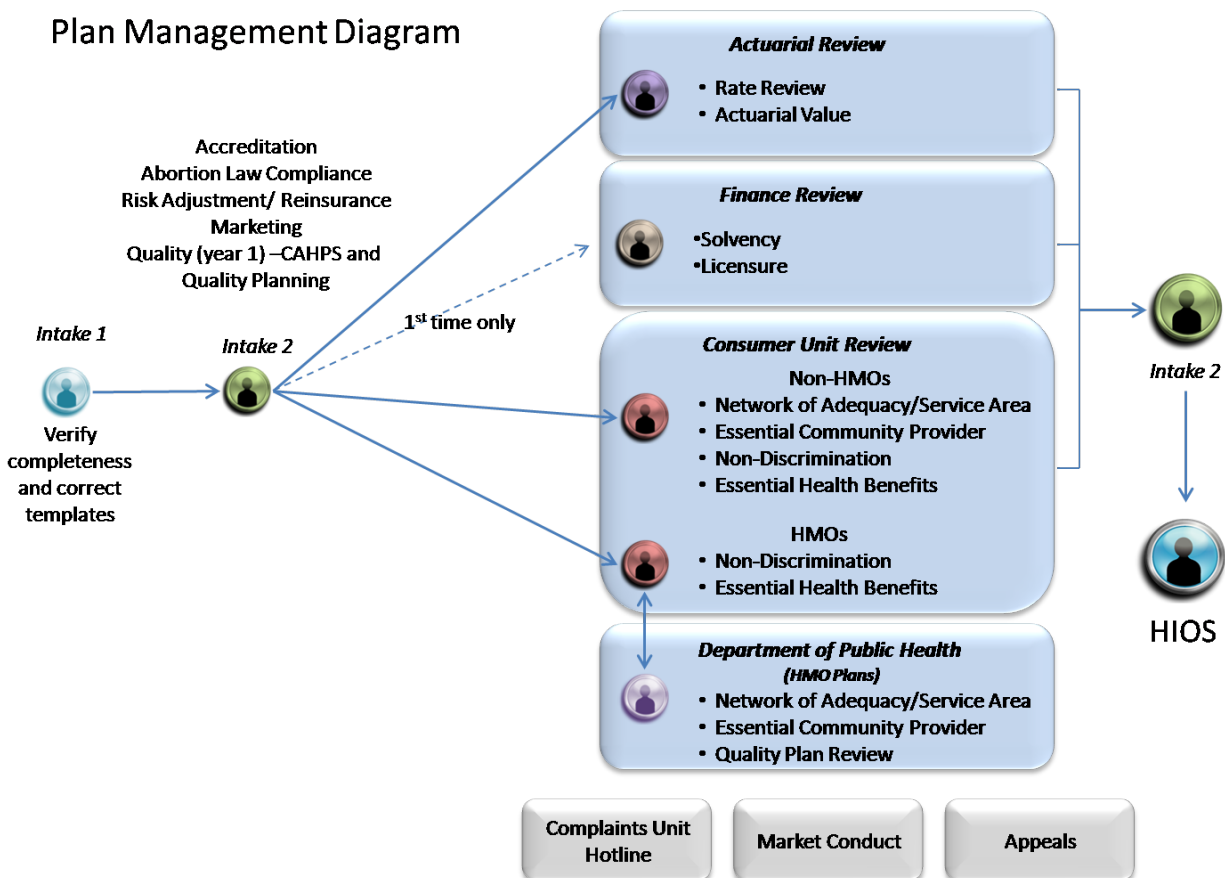
Certification of Qualified Health Plans

As a Plan Management partner, Illinois is currently in the process of developing a Qualified Health Plan (QHP) application. DOI has the authority to conduct plan management activities under 215 ILCS 5/401 which states, “the Director is charged with the rights, powers and duties pertaining to the enforcement and execution of all the insurance laws of the State,” and Section 5/401(a) which states that the Director shall have the power, “to make reasonable rules and regulations as may be necessary for making effective such laws.” DOI conducted a survey of major medical insurers that are currently licensed to provide health coverage in Illinois in the fall of 2012. Based on the results of that survey, DOI anticipates about 260 plans to be offered on the individual Exchange and about 260 plans to be offered on the SHOP. DOI expects these offerings to come from 16 different carriers. Additionally, based on information from CCIIO, DOI expects five stand-alone dental plans on the Exchange.

To apply to be a QHP, carriers will download and submit the federal templates to DOI through SERFF. For plan year 2014, policies set by the federal government will be the standard for approval, with network adequacy and quality standards requiring additional documentation due to a higher state standard. For network adequacy, carriers will have to submit a geoaccess map with providers marked and an Illinois-specific template to ensure Illinois standards are met for the ratio of providers to beneficiaries, greatest travel distance in urban and rural areas, policies for closing and opening new providers, referral procedures, and more. DOI regulators are in the process of developing this template with DPH. Additionally, all QHP applicants will be required to submit a quality plan; QHP applicants will be “deemed” in compliance with this requirement if proof of accreditation from NCQA, URAC, or the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) is included in the application.

As described in the Blueprint, DOI regulators will review QHP applications and coordinate with DPH in the review of managed care plans. DOI will then recommend QHP applicants that meet the minimum standards to CCIIO for QHP certification. As shown in the workflow below, a DOI Office Associate (Intake 1) will open the application/filing and check it for completeness, including the use of required templates. A second Office Associate (Intake 2) will use an internal checklist to verify that specific criteria, such as the inclusion of a quality plan, are met. The second Office Associate (Intake 2) will then assign various parts of the application to the appropriate DOI regulators for review. Regulators in the actuarial unit will review applications for rate review, actuarial value, and rating standards. Regulators in the finance unit will review carriers for solvency and licensure. Regulators in the consumer unit will review applications for all other standards, including network adequacy, service area, non-discrimination, and essential health benefits; this review will involve coordination with DPH on the review of network adequacy, service area, and quality for managed care plans. The second Office Associate (Intake 2) will

monitor filings from each unit to determine the QHP certification process is progressing in a timely manner. If DOI determines that a QHP applicant does not meet minimum standards, the applicant will have access to a formal appeal process. DOI will recommend QHPs to CCIIO through the SERFF system, which will connect to HIOS, by July 31, 2013. Additionally, DOI will conduct oversight of federally-certified QHPs on an ongoing basis based on complaints and both scheduled and ad hoc market conduct examinations.



Additionally, the Design Management Team is currently working with Exchange policy staff, DOI, and DPH to create a more detailed process flow of the rate filing and review process as it exists today. These business process flows will then be used to look for efficiencies that can be leveraged in the review of QHP applicants in 2013. Additionally, they will be used to inform the work of the HIX system vendor, which will create SERFF wrap-around functionality to increase efficiencies and automation for regulators.

In-Person Assistance

HMA provided a final report to Illinois on Navigator Program Design. It was posted on the Department of Insurance and Governor's health reform websites on July 6, 2012, and interested stakeholders and citizens were invited to comment on it through July 27, 2012. Additionally, the HRIC solicited comment on the report at a public meeting on August 28, 2012. As a partnership Exchange, Illinois will apply many of the recommendations within this report, and public input from 50 separate individuals and organizations, to its In-Person Counselor (IPC) program.

HMA is currently conducting an in-depth Needs Assessment as an appendix to this report. The findings of the Needs Assessment report will help the State finalize its approach to the Navigator program and other forms of consumer assistance as the ACA's new coverage provisions take effect by capturing more detailed information about the target population and informing necessary assister expertise. For example, the needs assessment will capture the geographic distribution and highest concentrations of the uninsured and underinsured in Illinois, key subpopulations that make up this target population in Illinois (*e.g.*, age, income, education level, language, racial, ethnic, or cultural identity, prevalence of one or more disabilities, specific conditions such as substance use disorders, etc.), social service support systems currently engaged with these subpopulations, barriers to obtaining health insurance, and an analysis of the needs of the uninsured and underinsured by geographic distribution and subpopulation. The Exchange team expects to receive this report appendix from HMA in the near future and will use it to inform the focus of the IPC program and its grantees. Illinois anticipates Navigators focusing on specific, hard-to-reach populations and IPCs focusing on uninsured and underinsured populations not covered by the Navigator program as well as the general public; Illinois will rebrand both programs under the same name to strengthen name recognition for the assistance services and reduce public confusion. Additionally, in January, Illinois hired Brian Gorman as the Director of Outreach and Consumer Education and part of his responsibilities will include oversight of the assister programs.

The state will select IPCs through a competitive grant process in the spring of 2013. IPCs will receive block grants with performance-based bonuses. Assister applicants will be able to select among three separate levels of grants: Level 1 Grants of up to \$25,000 per year to support enrollment; Level 2 Grants between \$25,000 and \$75,000 to support enrollment plus additional outreach, including engaging in a set number of (*e.g.*, two per quarter) public or media events, promoting awareness of the Exchange through face-to-face presentations, hosting dedicated enrollment events, participating in radio or television shows, and developing advertisements or public service announcements; or Level 3 Grants between \$75,000 and \$150,000 to support all Level 1 & 2 activities plus conduct large-scale outreach campaigns (may be state wide) that are coordinated closely with the state and federal government. Assisters will provide performance data to Illinois on a monthly basis and the Exchange team will provide performance data at the individual and program level to Assisters quarterly to provide feedback. Performance metrics are still being considered and may include applications submitted, new enrollments generated, assistance in maintaining continuity of coverage, and outreach activities. Compensation and performance metrics will be appropriately varied depending on the population being served to take into account hard to reach populations. Additionally, a formal complaint process will be established and will also factor into the performance assessment, as well as other consumer feedback, in the oversight of the program.

The Exchange team will leverage the electronic grant making system at DPH to increase automation and efficiency. The DPH Electronic Grants Administration & Management System (EGrAMS) was implemented by HTC Global Services. It is a web-based, configurable, and scalable Software as a Solution (SaaS) system that automates the grant life cycle from Planning to Close out. EGrAMS allows all components of an application to be completed online and it includes a validation process to ensure applicants have not missed required components of the application. EGrAMS facilitates the grant review process, application ranking, approval of applications, administration of awards, and allows for electronic monitoring of grantee performance. The Exchange team plans to leverage all of this available functionality. Additionally, to assist in the scoring of the grant applications, the state is currently discussing the formation of a UIC Review Committee of experts to assist Exchange and DPH staff with scoring grantee applications. Additionally, the Exchange team plans to hire two Assistant Oversight Coordinators to assist the Director of Outreach and Consumer Education in the oversight of individual grantees and provide technical assistance on an ongoing basis to ensure best practices are shared and implemented across Illinois. Illinois will also be informing CCIIO of any Navigator issues discovered through the state oversight process.

Illinois is currently negotiating an IGA with UIC School of Public Health to develop and implement state-specific training for Navigators and IPCs. Faculty members have experience in healthcare economics, health insurance practices, outreach and training, health literacy and system navigation and UIC has existing facilities to provide statewide training. The Exchange team is also working with the IES/Deloitte team on the development of state-specific training curriculum. For example, IES/Deloitte is currently determining its training curriculum for its caseworkers and the Exchange/UIC plans to leverage its Medicaid, CHIP, and IES training for Assistants to prevent state-specific training curriculum from being developed twice and increase consistency in state training. The Exchange and IES/Deloitte training leads are in regular communication to ensure coordination. Additionally, Navigators and IPCs will refer consumers to the DOI Office of Health Information (OCHI, an existing Consumer Assistance Program and recipient of the ACA CAP grant) for post-enrollment issues, including claim denials, billing issues, incorrect cost sharing, appeals assistance, etc.

Outreach and Education

In January 2013, Brian Gorman was hired as the Director of Outreach and Consumer Education. The Exchange team plans to hire a Deputy Director of Outreach and eight Regional Outreach Coordinators, who will report to the Director of Outreach and Consumer Education and give Illinois a greater outreach presence throughout the state. Illinois has been meeting with a wide range of stakeholders, including health advocates, community based organizations, and Chicago Public Schools, to receive input. The State is in the process of developing an Outreach and Education Plan with a high-level timeline of strategies and dates, which is due to CCIIO on March 29, 2012. This plan will include outreach methods, targeted stakeholders, and performance metrics for tracking results. The plan will be based on the findings of the HMA Assister Needs Assessment, mentioned previously in the In-Person Assistance section. The Exchange team expects to receive this report in the near future and use it to inform its Outreach and Education Plan. Additionally, the Exchange team plans to procure an outreach and education database to track consumers who have been touched by Exchange outreach efforts; this database will be similar to the ones used by political campaigns and will assist the Exchange in tracking and targeting its education and outreach campaign. The Exchange team is working with HFS and DHS to coordinate outreach and education plans surrounding both IES and the Exchange to ensure a clear and consistent message is delivered to Illinois consumers.

In addition to the consultation activities associated with key stakeholders identified in the *Stakeholder Involvement* section, the State attempts to take every opportunity to address the public on progress toward the implementation of an Exchange. DOI and Governor's office staff have spoken at a wide variety of events, addressing both general topics related to Exchange development as well as specific issues important to certain stakeholders. Because demand for presentations on Exchange issues exceeded the availability of the State's rather small contingent of dedicated staff, PowerPoint slide decks, and other materials have been developed to enable DOI outreach staff to address certain groups.

Additionally, in an effort to understand and engage the outreach and education needs of employers specifically, the State signed an IGA agreement with UIC to conduct a study of small business owner needs related to an Exchange. UIC researchers developed and conducted polling of Illinois small business owners and convened a series of focus groups to develop their analysis of this critical market segment. UIC issued a final report on August, 16, 2012; the findings were previously described in the Program Integration/Intergovernmental Agreements section. Exchange staff used the feedback from small business owners within the report to inform the business requirements for the SHOP Exchange in HIX RFP, and will use them to inform its Outreach and Education Plan, which is currently under development.

Marketing

The Director of Outreach and Consumer Education and Exchange policy staff are in the process of developing a Marketing RFP to procure professional services for market research, branding, and public relations efforts. Illinois expects this vendor to utilize market research already conducted throughout the nation, including results from CMS and Enroll America, and supplement it with further Illinois-specific research as needed. The Exchange plans to hire a Director of Communications to oversee the Exchange communication strategy and manage the marketing vendor. In addition to leveraging the input of stakeholders, and expertise of the Director of Outreach and Consumer Education and Director of Communications, Illinois plans to use the research, testing, and expertise of the marketing vendor to develop a paid and earned media plan, which is due to CCHIO on June 15, 2013. The Exchange team is working with HFS and DHS to coordinate marketing plans surrounding both IES and the Exchange to ensure a clear and consistent message is delivered to Illinois consumers.

Assister Website

Illinois currently plans to drive consumers to an Assister website, which will act as a landing page and provide a link to the FFE website. Because the IES will also include a self-service portal, and the exchange of applications between the FFE and IES will not be as seamless and real-time as originally hoped per conversations with CMCS, Illinois will have screening questions on the Assister website to recommend to consumers if they should enter through the FFE or IES self-service portals. This will reduce eligibility and enrollment delays caused when applications need to be passed between the FFE and IES. Additionally, Illinois plans to use the Assister website, and the Illinois-specific branding on it, to help provide for a seamless transition from a Partnership Exchange in plan year 2014 to a State-based Exchange in plan year 2015. The marketing vendor will assist Illinois in the development and branding of the Assister website.

Call Center

The Exchange team is continuing discussions with HFS and DHS around call center integration between the Exchange and IES. Currently, the Exchange is considering the pros and cons of leveraging the IES call center versus procuring a call center vendor under a state-based Exchange.

Under a Partnership Exchange, IES and the DOI OCHI call centers will refer Illinois consumers to the federal call center. Illinois has been in discussions with CMS/OC surrounding how the IES and federal call centers will refer Illinois consumers under a Partnership Exchange, including use of the dedicated Medicaid phone line.

Exchange Website

The Illinois Assister website under the Partnership Exchange in plan year 2014 will be utilized when Illinois becomes a state-based Exchange in plan year 2015 to help ensure a seamless transition for Illinois consumers. Business requirements for the State-based Exchange website were defined in the HIX RFP. These requirements included seamless integration between the SBE and IES portals, including the same look and feel and single sign for users, a “My Account” summary page which allows users to see benefits for all family members (individual Exchange, SHOP, Medicaid, CHIP, SNAP, and Cash Assistance) and report changes to all programs at the same time, an Assister (Navigator, IPC, producer, etc.) portal that allows applications completed by Assistors to be tracked in the system and provides Assistors the tools they need to track the applications of consumers they serve and monitor where each application is in the eligibility and enrollment process, design principles that take into account the research findings of the Pacific Business Group on Health (PBGH), user interfaces standards established by Enroll UX 2014, and the incorporation of a robust plan finder tool.

Illinois was an active participant in the Enroll UX 2014 development process beginning in March 2011. The State formed a team consisting of policy, enrollment, and IT subject matter experts from DOI, HFS, DHS, OHIT, and patient advocate organizations outside of state government. The team traveled to San

Francisco to participate in research and design exercises and the HIX RFP included the Enroll UX 2014 as a standard for consumer experience through user interfaces, and requested Enroll UX 2014 standards, or a best practice equivalent.

Eligibility Determinations

In fall 2010, the State formed an intergovernmental working group consisting of officials from DOI, HFS, DHS, OHIT, and the Governor's Office to address the integration of public health program eligibility, verification, and enrollment activities as required under the ACA. Based on a Needs Assessment conducted by the HMA, Wakely, and CSG consulting team, and the input of subject matter experts from the intergovernmental workgroup, an RFP for an Integrated Eligibility System (IES) was released on March 26, 2012. In the spring and summer of 2012, CSG (who was awarded a contract as the IES Project Management Office under a separate RFP on March 21, 2012) led EMOG through the federal business process flows for eligibility and enrollment functionality in preparation for the IES vendor coming on board. On October 16, 2012, Deloitte was awarded the IES contract and is currently transferring the Michigan Bridges system to Illinois. Due to the absence of Exchange legislation, the functionality to determine Exchange eligibility was delayed until Phase 1.5 (Phase 1 will be completed in time for open enrollment in October 2013, when the state will be utilizing the FFE as its Exchange website; Phase 1.5 is envisioned to be completed for open enrollment in October 2014).

The HIX RFP required the HIX system vendor to utilize the IES rules engine in its system. The HIX procurement process is ongoing, but the Exchange team hopes to make an award to a HIX system vendor shortly. Once the HIX system vendor is selected, its proposal will be used to create detailed business process flows on how the HIX will utilize the IES rules engine, how the HIX and IES online portals will integrate seamlessly, and how the systems will integrate with the federal Data Services Hub for eligibility determinations. In the interim, Exchange staff will continue to participate in EMOG meetings to ensure Exchange specifications are included in IES planning and the weekly HIX/IES Coordination meeting that focuses on system coordination.

Additionally, the Exchange and HFS policy staff have been following the federal guidance around including a Bridge plan as an enrollment option on the Exchange to increase continuity of coverage. Illinois is interested in implementing such a plan under a SBE, which will include building appropriate functionality into the eligibility rules engine.

Premium Tax Credit and Cost-Sharing Reduction Administration

Under a state-based Exchange the IES will perform all functions related to testing eligibility for premium tax credits and cost-sharing reductions through an incorporation of Exchange rules (managed by the HIX system vendor and Exchange staff) in the IES rules engine and through the use of the federal Maximum APTC calculator by connecting to the Data Services Hub. The requirements for the administration of premium tax credit and cost-sharing reductions were included in the HIX RFP under the enrollment and financial management business requirements. Exchange staff expect the Exchange website to include a tool to help the consumer select the right amount of advance premium tax credit for them through either a sliding scale, as suggested by Enroll UX 2014, or a best practice equivalent.

Exemptions from Individual Responsibility

DOI has accounted for eligibility determinations for exemptions from individual responsibility provision in its HIX RFP business requirements and plans to leverage data from the federal Data Services Hub. This functionality will be incorporated into the Exchange IT system under an SBE.

Adjudication of Appeals of Eligibility Determinations

In February 2012, the State held an inter-agency meeting with subject matter experts from HFS, DHS, and DOI to initiate the development of policy surrounding appeals of eligibility determination. The state

continues to analyze its current Medicaid appeals program in order to determine both how to incorporate new ACA requirements as well as the extent to which it could serve as a model for appeals of Exchange, premium tax credit, and cost-sharing reduction determinations. The Exchange staff, IES, and DHS will continue to coordinate on how to create a seamless eligibility appeals process for consumers under a State-based Exchange in future years. In plan year 2014, eligibility appeals coordination will occur between IES and the FFE, as Illinois participates in a Partnership Exchange.

Information Reporting to IRS and Enrollee

Information reporting to IRS and enrollees were included as business requirements within the HIX RFP. The State has also examined business process flows produced by CCIIO to identify required points of contact with federal government agencies, including the IRS, as well as Exchange enrollees. Albert Decker is the Security lead and Data Architect for the Design Management Team. Bill Backs is the Security lead for the IES Project Management Office for the IES project. HIX and IES are coordinating development of draft Security Plans and Safeguard Procedures Reports to ensure that IES and the Exchange meet all applicable NIST, CMS and IRS standards. Both teams have also been participating in the IRS weekly office hours to prepare for implementation requirements under a State-based Exchange in plan year 2015 and beyond. After the HIX system vendor is brought on board, they will assume responsibilities for working with Deloitte, the IES vendor on finalizing and implementing the SSP and SPR.

IES is currently considering making Medicaid eligibility determinations with data sources other than the IRS data available through the federal Data Services Hub for the first year of implementation. Deloitte has committed to adding this functionality, including all necessary privacy and security standards, for implementation of a State-based Exchange eligibility rules engine under Phase 1.5.

Enrollment Process

Much of the State's early work on enrollment was developed alongside its activities related to eligibility. As described above, in the "Eligibility Determinations" section, the EVE working group included enrollment activities in its December 2010 Needs Assessment RFP, and the resulting CSG report, issued in July 2011, addressed ACA-related enrollment issues and the development of an IES.

The report has served as a guide for the EMOG team as it has proceeded on the development of enrollment policies. Because State law mandates Medicaid enrollment through a State employee, the Exchange will manage enrollment for QHP customers only, though State staff from DOI and HFS continue to work closely to ensure a seamless experience for all consumers regardless of the type of coverage for which they qualify. Exchange enrollment functions were included in the HIX RFP, which requested the incorporation of Enroll UX 2014, Consumer CHECKBOOK, and PBGH standards or best practice equivalents. Once a HIX system vendor is selected, the Design Management Team will assist Exchange staff in mapping these standards to the winning vendor's proposal to maximize their inclusion in the system implementation to the extent possible.

SHOP-Specific Functions

SHOP-specific functions were included throughout the business requirements of the HIX RFP, including plan management, eligibility and enrollment, financial management, and oversight. Additionally, the state executed a contract with Wakely Consulting to provide assistance to the State with SHOP-specific functions and a final report was presented to the state in May 2012. This final report, along with the findings of the UIC small business report, informed the business requirements included within the HIX RFP. For example, the findings of the reports emphasized the importance of producers in the small group insurance market and led to the inclusion of an agent/broker portal with tools to help them manage their books of business. The findings also resulted in a request to help convey to employers an estimation of their small business tax credit during the plan selection process on the SHOP. The findings of these

reports also will be used to inform future policy recommendations to an Exchange Board under a SBE, such as the types of choice employers should be given when selecting plans and metal tiers for employees.

Risk Adjustment and Transitional Reinsurance

In Fall 2011, DOI formed an internal working group consisting of policy, actuarial, and health products staff at DOI and HFS to address issues related to risk adjustment and reinsurance. The group included Tia Goss-Sawhney of HFS, a certified health actuary and Doctor of Public Health candidate whose dissertation specifically speaks to risk adjustment and risk mitigation considerations for Exchanges established under the ACA. After analysing federal requirements and current DOI capacity and authority for data collection and analysis, the working group made the tentative determination to defer to federal risk adjustment administration for the first year of Exchange operations. Additionally, in February 2012, DOI initiated a series of conversations with carriers to solicit opinions related to the implementation of reinsurance and risk adjustment requirements to explore the possibility of conducting risk adjustment and reinsurance simulations to allow carriers to more accurately assess the implications of these programs when pricing their initial QHP product. In November 2012, Wakely provided the State with a final report on a comprehensive work plan for the implementation of reinsurance requirements. Due to the demanding timeline for developing alternative methodologies and securing a reinsurance administrator, Wakely recommended that Illinois utilize the federal reinsurance program for plan year 2014. After examining the report and carefully evaluating state resources, Illinois ultimately decided to follow the recommendation for federal administration. The state will continually monitor its individual insurance market and reassess its options in future years.

IT Gap Analysis and Exchange IT Systems

The State conducted an initial IT Gap analysis for the last Grant request and this is an update to that document. Illinois' existing application infrastructure relevant to the HIX consists of a Client Information System (CIS) which includes an integrated eligibility determination processes for Medicaid, State-only funded medical programs, SNAP and TANF and has since submitted an RFP and chosen Deloitte as the vendor to build the IES; the development of IES is under way.

Current System

The following tables describe existing systems that will potentially need to communicate or be replaced over time in coordination with the Illinois HIX system and integrated eligibility system.

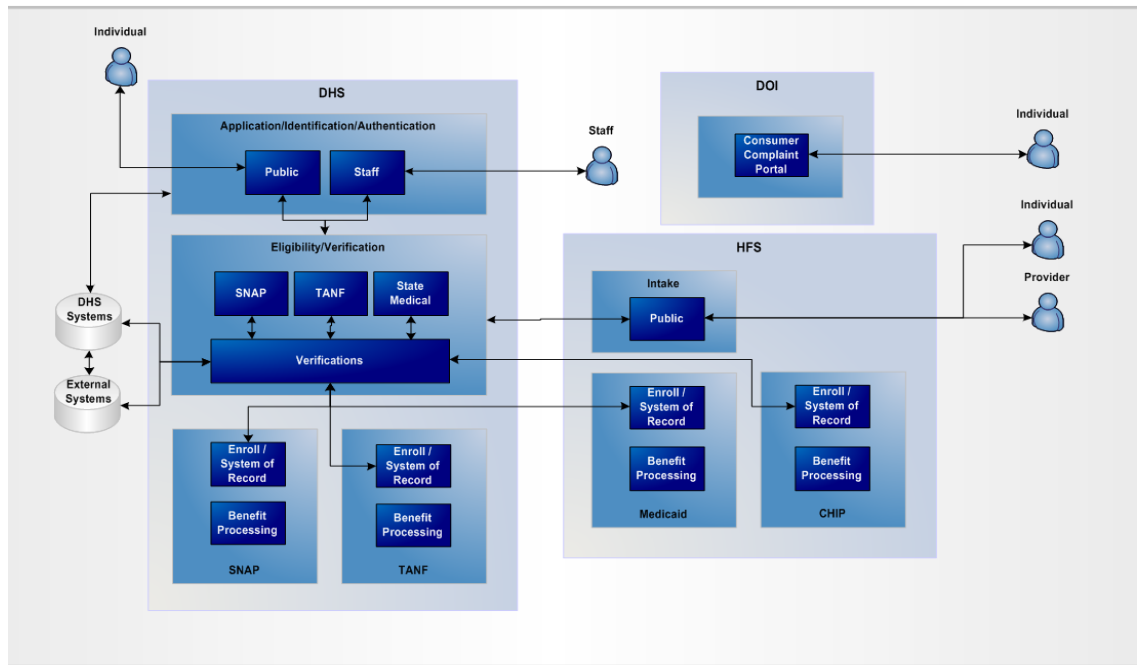
System Owner	Systems	Functions related to Plan Management and Consumer Assistance
Department of Insurance	SERFF (System for Electronic Rate and Form Filing – developed and maintained by NAIC)	Plan Management Premium Rate Review
	OCHI (Office of Consumer Health Insurance)	Consumer Assistance
	Internal web portal	Premium Rate Review
	Complaint system	Track and document complaints and inquiries as they are handled by Department staff

System Owner	Systems	Functions related to Medical, SNAP, Cash Eligibility
Department of Human Services	CIS/Automated Intake System – AIS	Contains eligibility rules, receives relevant data both manually keyed and some electronic transmission from sources including interactive online applications, processes automated eligibility decisions, processes managed care enrollment, processes approval/denial notices
	CIS/IPACS – manual intake	Same as above
	CIS/Automated Case Management System – ACM	Supports ongoing eligibility case maintenance, including eligibility redetermination, processes managed care enrollment, processes approval/cancellation notices
	CIS/Client Data Base - CDB	Repository of eligibility information, feeds MMIS-RDB, source of eligibility verification inquiries performed by hotline operators and caseworkers in DHS/HFS.
	Case Worker Tools	Collects information pending caseworker action
	Electronic Benefits Transfer	Distributes SNAP/Cash benefits
	LINK vendor	Distributes LINK cards
	Phone System Interview – PSI vendor	Automated phone interview for SNAP recertifications
	SSA Interface - SOLQ, BENDEX	Verifies valid SSNs, reports retirement and disability benefits paid, death by SSN
	SAVE	Verifies status of registered aliens
	IDES Interface - Automated Wage Verification System - AWVS	Reports quarterly wages of salaried employees by SSN
	IDES Interface – Unemployment Insurance Benefits	Reports benefits paid by SSN
System Owner	Systems	Functions related to Medical, SNAP, Cash Eligibility
Department of Healthcare and Family Services	MMIS/Claims Processing	Pays claims for medical services, contains plan enrollment/benefit package info/edits
	MMIS/Recipient Data Base – RDB	Source for MEDI eligibility verification, feeds the EDW
	MMIS/Enterprise Data Warehouse - EDW	Analysis data base – receives data from multiple sources including RDB and CDB
	MMIS/Medicaid Electronic Data Interface - MEDI	Online eligibility verification, PCP panel info, claims submission, much else
	MMIS/Long Term Care Subsystem	Used to process and manage enrollment for long term care services

	Programmatic and Administrative Accounting System - PAAS	Issues premium billing invoices and statements, approval notices on premium paying cases, tracks receivables and payables (refunds)
	Child Support/KIDS	Provides access to Vital Records screens for child support services

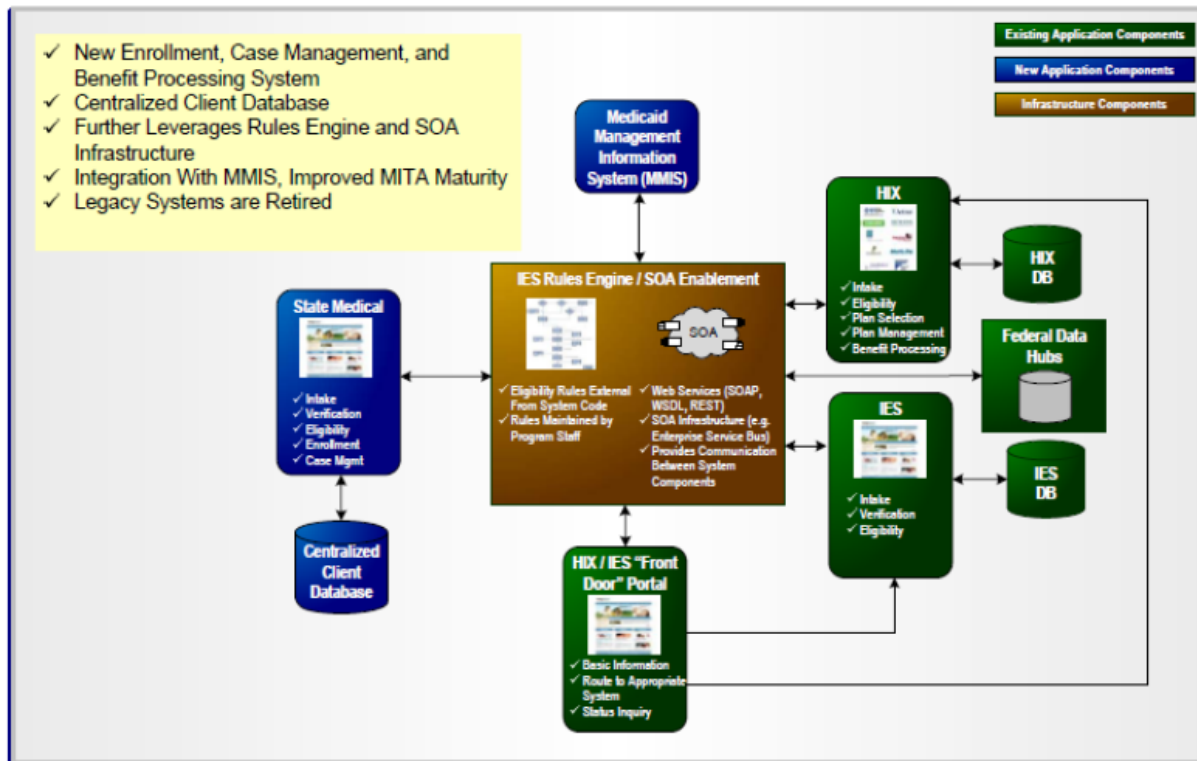
Illinois' Current Public Program Environment

s Exchange IT – Current State



| 6/9/2011

In the future, applicant/client data collection for clients seeking medical insurance benefits will occur within IES, with an eligibility determination made that routes the applicant through either a “Medicaid processing” system or an “Exchange (HIX) processing” system once eligibility has been determined. Although the process will be seamless to an applicant, the enrollment processes for Medicaid and the HIX will be separate, as the enrollment functions for the two entities are materially different. As the HIX System Integrator has not been awarded yet, the Exchange will be started as a FFE with a migration to a State-based Exchange for plan year 2015. Below is the snapshot of the solution proposed for the IES and relationship with the Exchange in 2015 (to achieve the complete functionality for the State’s programs).



Within the HIX system processing environment, all other functionality associated with the operations of the Exchange will be addressed. This includes supporting systems applications for such items including, but not limited to, the following:

- 1) The SHOP Exchange;
- 2) A Navigator program to assist applicants in comparing and selecting a health plan that best meets their needs;
- 3) Calculation of premium tax credits and cost sharing reductions as applicable;
- 4) Call/online contact center for small businesses and individuals requiring assistance;
- 5) Enrollment facilitation into the applicant's selected plan;
- 6) Payment setup and premium collection/management;
- 7) Ongoing capability for individuals and businesses to receive updated information regarding the Exchange and its offerings, as well as the ability to easily view and update their information;
- 8) Management of QHPs, including certification and quality rating; and
- 9) Other functions of the HIX as required or determined necessary.

a. Technical Architecture

As a component of the work performed under the Needs Assessment project, CSG provided a review of Illinois' existing systems and their potential utility in meeting federal requirements for an Exchange. Given the age of the systems, technology involved, and the shortage of qualified technical staff both internal to State government and in the broader marketplace to support them, CSG recommended the acquisition of new systems in order to meet the requirements of the HIX. Therefore, the State expects to

purchase COTS products to the greatest extent possible and has developed their RFP's to meet that objective.

Illinois is currently in the Best And Final Offer (BAFO) stage for the acquisition of a System Integrator and is planning on an integrated HIX environment with a mix of COTS products and development.

Eligibility determination (Medicaid or HIX) will occur within the new IES described elsewhere. Illinois will have close coordination and integration between the IES project and the Exchange project in order to ensure that appropriate data integration and sharing occurs to support clients in a seamless and transparent fashion. Both projects will emphasize Service Oriented Architecture (SOA) to ensure effective interoperability and communication across modules as will be required by currently defined Exchange functionality requirements, and set the stage for integrating future, not yet defined, application capabilities.

As the IES and the HIX operating system will have only one point of contact, Illinois' existing technical infrastructure places no technical constraints on the "to be" architecture that will be selected to support the HIX operating system. As such, a "best of breed" approach, involving selection of a product suite that, when integrated and customized for specific Illinois' needs, will best meet the needs of the Illinois HIX is contemplated.

b. Applicable Standards

i. ACA Section 1561 Recommendations

Illinois intends to incorporate National Information Exchange Model (NIEM) standards adherence as a mandatory requirement for any products that will be purchased to be included in the integrated product suite that supports the processing needs of the HIX. Any custom software which may be developed, either as part of the system integration effort, or as may be required to meet Illinois' specific requirements, will be required to adhere to NIEM standards.

ii. HIPAA

The selected architecture and application product suite will be required to support all standards related to HIPAA, with an emphasis on extensibility that will allow for future enhancements as HIPAA rules evolve. Specific areas of technical and process/operations functionality to be addressed include, but are not limited to the following:

- Security Management and Audit Controls;
- Information Access Management and Workstation and Device Security;
- Role based system and data access controls;
- Data Access Surveillance and detailed transaction logging;
- Data Transmission Security;
- Workforce Education; and
- Suspected or Actual Security Breach Reporting.

iii. Accessibility for Individuals with Disabilities

Illinois requires that all systems comply with Section 508 of the Rehabilitation Act of 1973. Applications products/systems purchased or developed to support the requirements of the HIX will be required to address the visual, hearing, motor, cognitive and other disabilities intended to be covered by the Rehabilitation Act. Systems selection, development and testing will include participation by representatives of Illinois Office of Accessibility to ensure that accessibility requirements are appropriately met by the new HIX system.

iv. Security

In its policies, procedures, and systems operations, the HIX will address Fair Information Practices (FIP) to safeguard consumer information. A key element of the HIX implementation plan will be to define a security function, with appropriate staffing, as part of the governance/operation of the HIX.

v. Federal Information Processing Standards (FIPS)

The systems purchased or developed that support the HIX will be required to meet current FIPS that apply to its operation.

vi. Internal Revenue Code, 26 U.S.C §6103 “Tax Information Safeguarding Requirements” and all corresponding security guidance

Federal and state agencies and their contractors must adhere to the data safeguard requirements of the **Internal Revenue Code, 26 U.S.C §6103 “Tax Information Safeguarding Requirements”** and all corresponding security guidance, as a condition of receiving **Federal Tax Information (FTI)**.

vii. Illinois 815 ILCS 530/) Personal Information Protection Act

Applies to government agencies, public and private universities, privately and publicly held corporations, financial institutions, retail operators, and any other entity that, for any purpose, handles, collects, disseminates, or otherwise deals with nonpublic personal information.

Reuse, Sharing, and Collaboration

Illinois is committed to the concept of reuse and hopes to reuse IT system components and Exchange functionality that have already been developed. The Illinois HIX RFP required that vendors propose solutions that leverage commercial off-the-shelf (COTS) products, government off-the-shelf (GOTS) products, and/or products developed for other states, including Early Innovators.

Based on the requirements Illinois is expecting the vendor to supply rules and software components which they have developed for other Exchange projects and have incorporated into their Exchange design. The components should be either Rules-based or Software-based.

The Rules-based components should be a mix of Use Cases developed for other states (as well as Illinois) and the Requirements Traceability Matrices. These may be adapted for use in Illinois and will be posted to CALT for other states to use as needed. The possible uses are to establish Use Cases, validate their Requirements Traceability Matrix and assist by providing documents relevant to the development of their applications and benefiting from the reuse and sharing of these documents.

Illinois developed the RFP with an emphasis on SOA. The purpose of this was to allow for proposing vendors to provide software which was developed elsewhere to be implemented in Illinois as plug and play. This allows for Illinois to reap the benefits of the selected vendor and other vendors who have developed components which will benefit the state and be simply integrated into the application. These components will then be shared with other states through posting on CALT and other direct contacts.

Another key component of our RFP is a SaaS environment. This allows for sharing of our hardware without the associated costs of ownership and using established data centers without the costs of developing a dedicated data center.

At the time of this grant application, the HIX procurement is the BAFO stage but no award has been made. All proposing vendors were clear in their proposals outlining how they would be utilizing reusable components, SOA and the plans for implementing the required approaches.

The HIX system will utilize the eligibility determination functionality of the IES that is being developed by Deloitte. Deloitte is transferring the Michigan Bridges system with components updated for ACA compliance by New Mexico and other states. This will allow for sharing of the rules engine and the process of developing the rules and providing access to the application from the Exchange platform.

Organizational Structure

The Illinois Health Insurance Exchange currently has a strong core organizational structure which provides a solid foundation for growth consistent with the eventual needs of a state-based exchange.

First, the State currently has a new **Director of the Health Exchange**, Jennifer Koehler, who is a 15-year government attorney with legal, operational, legislative and organizing experience. Second, the State has also recently hired a **Director of Outreach and Consumer Education**, Brian Gorman, to oversee the efforts of the Navigators and In-Person Assistants throughout the state. Mr. Gorman has significant organizing experience, having previously led grassroots organizing efforts in support of the Affordable Care Act in Illinois. The Exchange also has an **HIX IT Project Manager**, Tom Simonds, who assists with the IT aspects of the planning for a state-based exchange and coordinates as necessary with other state Departments and Agencies in the planning and implementation process for the Exchange. Tom Simonds also supervises the three members of the vendor design management team, who are engaged in preparing the State for the IT build of an eventual SBE.

Additionally, on the policy and administrative side, the Exchange also has **Special Counsel for Health Policy** Colleen Burns, who has extensive experience in the plan management area and previously served as Acting Director of the Exchange, whose operational and legal expertise will be critical to the plan management function of the partnership Exchange, and instrumental in other areas of the overall operation, including making preparations for a state-based exchange. Overseeing eligibility and enrollment is **Senior Health Policy Advisor** Laura Jaskierski, whose expertise is policy development and management of the eligibility and enrollment portions of Exchange operations, including the consumer-facing aspects of the Exchange web portal and coordination with the Illinois Integrated Eligibility System. Additionally the exchange has **Health Policy and Consumer Outreach Specialist** Sheba Seif, who works closely with the Illinois Healthcare Reform Implementation Council Essential Health Benefits (EHB) Workgroup, which recently selected the benchmark plan for Illinois, and who serves as the point person on the EHB for the Marketplace Team. Ms. Seif is devoted half time to assisting with the exchange, while the other half of her time is dedicated to rate review and other ACA-related projects.

Completing the policy staff are **Policy Analyst** Max Fletcher, who has the responsibility for managing the budget for Exchange grants and serving as the lead for policy development in the area of financial management; and **Research Assistant** Jennifer McGowan, who staffs the Governor's Health Reform Implementation Council and manages the process of developing a state-based curriculum for the Navigators and Assistants to supplement the required federal training curriculum.

Program Integrity

DOI has always followed all HHS rules and guidelines in managing its Grant funding. In doing so, DOI has utilized standard practices established through the Offices of the State Treasurer and State Comptroller in order to receive and withdraw money from its Exchange and other Affordable Care Act grants. In addition, DOI has maintained internal spreadsheets to track each expenditure associated with the Exchange and to separate funds from different grants. Max Fletcher is currently responsible for managing financial aspects of the Illinois ACA Grants. Quincy Grimes, within HFS, is leading financial management from the Medicaid perspective, with responsibility to manage all cost-allocation activities in compliance with approved IAPD documents.

In addition, DOI conducts annual internal audits for all federal grants related to the ACA. The audits are focused on ensuring that funds are used as intended and that all applicable accounting practices are followed. DOI staff work with DOI's internal auditor to ensure that all materials necessary to complete the audit process are provided. The 2012 audit resulted in no improper findings.

Affordable Care Act Requirements

The State has made significant progress toward implementation of health insurance market reforms contained under Title 1, Subtitles A and C, of the ACA. On May 14, 2010, DOI issued a Company Bulletin that outlines the steps required if an insurer intended to submit and receive expedited approval for amendatory policy language that complies with the ACA reforms that took effect September 23, 2010 (CB 2010-04A).

In June 2010, DOI applied for \$1 million in federal funding under the Health Insurance Premium Review Cycle 1 Grant to develop the infrastructure necessary for carrying out premium rate review. The State received grant funding in August 2010, which it used to initiate efforts to increase actuarial and insurance analyst staffing; invest in technology necessary for increased collection and analysis of premium data; develop protocols for the collection, analysis, and publication of premium rates; and seek authority to deny unreasonable premium rates or rate increases. In Fall 2010 and Winter 2011, DOI developed a new web portal to collect premium information not available through the SERFF system, and in February 2011 issued a Company Bulletin to inform insurers of the new system (Company Bulletin 2011-02). Legislation to give DOI authority to collect and accept or reject premium rate changes was introduced in the Illinois General Assembly (HB 1501), but did not pass during the 2011 legislative sessions. However, legislation recently introduced (SB34) contains language that would give the Department the authority to accept or reject rate changes. In May 2011, the State contracted with Oliver Wyman, a consulting firm, to provide actuarial services in the review of premium rates as it waited to add permanent staff with necessary qualifications. In July 2011, DOI hired three insurance analysts to prepare data in service of the rate review program. That month, Illinois' premium rate review program was certified as effective in both the individual and small group markets, as well as the association markets for each category. To maintain these new efforts and improve upon the overall program, Illinois applied for \$3.53 million in federal funding through Cycle II of the grant program in August 2011. In November 2011, the State was notified that it had received the Cycle II funding. The Department is using this funding to continue to provide valuable information on the Department's rate review program to Illinois consumers.

In addition, legislation was introduced in 2011 to incorporate ACA provisions related to: Medical Loss Ratio (SB 1618), woman's health care providers, coverage of preventative services, annual and lifetime limits, reinstatement of coverage, choice of health care professional, access to pediatric care (SB 1812), patient protections, coverage of emergency services, coverage for children with preexisting conditions, and health insurance rescissions and notice and hearing (SB 1812), and formation of Health Care Cooperative Programs eligible for ACA funding (HB 3266). Legislation bringing the State's external review process in compliance with ACA regulations (HB 224) was passed by the General Assembly during its 2011 Spring Session.

SHOP

The state's background research report, conducted by Deloitte, included an examination of the small group market in the state. Overall, 7% of the state's population is covered through small group plans. Monthly premium levels in small group plans averaged \$365, with deductibles on the most popular plans generally ranging from \$1,000-\$2,500, out-of-pocket maximums from \$2,000-\$5,500, and coinsurance levels set at 20%. The report predicted that the percent of the state's population enrolled in small group coverage will increase to 11% by 2020. In 2014, 149,000 employees are expected to utilize the SHOP Exchange to enroll in coverage, a number predicted to increase to 443,000 by 2020.

In December 2011, the State executed a contract with Wakely Consulting to provide policy and operational assistance with SHOP-specific functions of a Marketplace. A final report completed in May 2012 evaluated potential SHOP models for employee and employer choice, including an assessment of the impact on premiums and potential for adverse selection issues to arise. The report also included an analysis of considerations for engaging producers within the SHOP and a work plan for the establishment of a SHOP Exchange.

Additionally, DOI signed an IGA with the University of Illinois-Chicago School of Public Health to conduct a survey and focus groups with small business owners from across the state. The UIC team, led by Jon Dopkeen, Professor and Director of the Center for Employee Health Studies, surveyed 607 small business owners from all regions of the state by telephone and conducted five focus groups with 17 small business owners in Chicago and Springfield. The study elicited comments and data on a number of topics, including the current state of the small group health market in Illinois, potential functions of the Exchange, the role of agents and brokers, and knowledge of relevant ACA provisions such as the Small Business Health Care Tax Credit. A final report presenting the study's findings was released in August 2012.

As noted previously, preliminary findings from the Wakely and UIC reports were leveraged by Exchange staff in the development of business requirements for the HIX RFP.

Proposal to Meet Program Requirements

Current Exchange Pathway

The State of Illinois will operate a Partnership Exchange in 2014, but continues to pursue a State-based Exchange for plan year 2015. DOI has released an RFP for a vendor to begin building the Illinois Exchange. DOI anticipates that work will begin with the winning vendor on April 1, 2013. The Department is requesting that the HIX system vendor begin building the infrastructure for the Illinois Exchange beginning June 1, 2013.

Exchange Activities

Illinois plans to be a Plan Management and Consumer Assistance Partnership Exchange in plan year 2014 and a State-based Exchange in plan year 2015. Overall, Illinois continues to be focused on refining and implementing the policy and IT functional requirements around the mandatory Exchange business operations. For the purposes of this grant application, the State has identified a larger list of functions, aligned with not only the grant but also the functions identified in Exchange reporting.

Certification of Qualified Health Plans

The Exchange policy team and DOI will continue to collaborate on the activities related to the review process for qualified health plan applications; these efforts will be led by Colleen Burns of the Exchange policy team and Yvonne Clearwater, a Deputy Director at DOI. Additionally, Illinois intends to continue a two-track process to engaging carriers in the State. This includes both additional one-on-one meetings as well as collaborative workgroups, to accommodate the clear desire of carriers to share information privately while also engaging their fellow competitors. Based on the results of a survey sent to all major medical carriers in Illinois, DOI anticipates about 260 plans to be offered on the individual Exchange and about 260 plans to be offered on the SHOP. DOI expects these offerings to come from 16 different carriers. Additionally, based on information from CCHIO, DOI expects five stand-alone dental plans on the Exchange.

To apply to be a QHP, carriers will download and submit the federal templates through SERFF. For plan year 2014, policies set by the federal government will be the standard for approval, with network

adequacy and quality standards requiring additional documentation. The Exchange team and DOI are currently developing a Network Adequacy template for carriers to fill out, which will include information on the ratio of various types of providers to beneficiaries and greatest distance traveled, to increase efficiency of the review process for state standards. Additionally, a quality plan will need to be submitted for review, unless the carrier is “deemed” to have met this requirement through successful accreditation. DPH will be consulted in the review of network adequacy and quality standards for managed care organizations, per Illinois statute. DOI regulators will be utilizing the Actuarial Value calculator provided by CCIIO, as well as any additional tools (e.g., tools to assist in the evaluation of EHB and non-discrimination) provided by CCIIO in the future, as implied in the January 2013 Partnership Exchange guidance. The Exchange team and DOI regulators also are developing a QHP application and corresponding checklist to assist carriers in understanding expectations and the submission of complete QHP applications.

- Regulator Support: To ensure a sufficient and timely review of QHP applications, DOI has retained an actuarial firm and is in the process of hiring and training additional health analysts to handle the increased regulator workload.

Additionally, the Design Management Team is in the process of developing more detailed plan management workflows with the Exchange team and DOI regulators. These workflows will be refined based on any identified methods to increase efficiency in the QHP application review process. The HIX RFP also requested an automated workflow process, such as a SERFF wrap-around, to pull in data from systems outside of SERFF, including consumer complaints, to assist regulators in efficient reviews of QHP applications. The workflows developed by the Design Management Team will be leveraged in the evaluation of the proposed plan management system of the winning vendor.

- HIX System Vendor Plan Management System: The winning HIX system vendor will build a more complete, efficient, and automated plan management system for plan year 2015, which will be leveraged by DOI regulators in either a Partnership Exchange or State-based Exchange model, pending legislation.

In-Person Assistance

The Exchange team, specifically Brian Gorman, the Director of Outreach and Consumer Education, will lead the activities related to consumer outreach and education, including the implementation and oversight of the Assister program. In the summer of 2012, HMA provided a final report to Illinois on Navigator Program Design. HMA is currently in the process of developing a Needs Assessment Appendix, which will capture the geographic distribution and highest concentrations of the uninsured and underinsured in Illinois, key subpopulations that make up this target group, social service support systems currently engaged with these subpopulations, and barriers to obtaining health insurance. The Exchange team will use the Needs Assessment and the original Navigator Program Design Report to inform the focus of the IPC program. To distinguish the IPC program, Illinois will ensure that entities contracted through the program serve populations geographically and demographically distinct from the Navigator program.

- IPC Grants: The State will select IPCs through a competitive grant program. The Exchange team will develop detailed criteria for IPCs following the completion of the Needs Assessment, but all selected entities will meet federal standards and will be judged based on demonstrated experience providing community based consumer assistance to the target population; strong communication skills, including cultural sensitivity regarding the target population; ability to understand complex topics and communicate information clearly to consumers; and knowledge of insurance affordability programs and commercial insurance. The state will use a formula to account for

federal Medicaid funding partially supporting the IPC program in the grant application. Entities will be able to select among three separate levels of grants when applying for the IPA program:

- Level 1 Grants will offer up to \$25,000 per year and will consist of organizations conducting activities within their own membership to identify potentially uninsured individuals and support enrollment into new coverage options.
 - Level 2 grantees will receive between \$25,000 and \$75,000 and be expected to provide all Level 1 activities plus additional outreach and enrollment functions, including engaging in a set amount of (e.g., two per quarter) public or media events. To meet the outreach requirement, Level 2 grantees can use public media to promote awareness of the Exchange and other coverage programs, including conducting face-to-face presentations to the public, developing a dedicated enrollment event, participating in radio or television shows, and developing advertisements or public service announcements available electronically or in print.
 - Level 3 grantees will receive \$75,000 to \$150,000 and be expected to provide all Level 2 activities plus develop and conduct large-scale outreach activities to spread awareness about the Exchange and various assister programs using an array of public media approaches. Level 3 grantees could focus their efforts statewide and/or to specific targeted populations. Grantees would be required to propose a specific, strategic use of grant funding to conduct large-scale outreach campaigns, and would be expected to coordinate their activities closely with the state and federal government, both of which may be contemplating significant public education campaigns.
 - Additionally, compensation and performance metrics will be appropriately varied depending on the population being served.
- Grant Making: The Exchange team will leverage the electronic grant making system at DPH to increase automation and efficiency in the grant making process. The system facilitates the grant review process, application ranking, approval of applications, administration of awards, and electronic monitoring of grantee performance. Four DPH staff will be funded at 100% time to coordinate In-Person Assister grantee selection and provide ongoing technical assistance. Max Fletcher is the lead Exchange staff in grant making implementation and is working with DPH to ensure the Exchange fully utilizes the functionality of this system.
 - Assister Training: State-specific training for Assisters will be conducted through the UIC School of Public Health through an IGA. Jen McGowan of the Exchange policy team is currently leading this effort. UIC faculty members have experience in healthcare economics, insurance practices, outreach and training, health literacy and system navigation and UIC has existing facilities to provide statewide training. The Exchange team is also working with the IES team on the development of state-specific training curriculum and Jen McGowan and the IES training lead are in regular communication to ensure coordination. For example, IES is currently determining its training curriculum for its caseworkers and the Exchange plans to leverage its Medicaid, CHIP, and IES training for Assisters to prevent state-specific training curriculum from being developed twice. Additionally, UIC will develop and deliver supplemental training courses throughout the year based on feedback received from assisters on the ground to meet unfilled training needs and address unexpected issues.

UIC will develop additional, and more comprehensive, trainings for plan year 2015 when Illinois becomes a State-based Exchange, and will add call center representatives and eligibility specialists to the list of eligibility and enrollment staff that receive training.

- Assister Oversight: IPC entity performance will be judged on a broad array of factors, including applications submitted, new enrollments generated (taking into account time intensive and hard-to-reach subpopulations, including people experiencing mental illness, substance use disorder, or chronic homelessness), individuals eligible for Exchange subsidies or Medicaid, changes in enrollment levels over time, and outreach activities completed. A formal complaint process will be established to assist in Assister (both Navigators and IPCs) oversight, and this feedback will factor into the performance assessment. IPCs will report monthly and receive regular feedback on their performance.
- Oversight Staff: The Exchange team plans to hire three Grant Monitors out of DPH to conduct oversight of individual grantees and provide technical assistance on an ongoing basis to ensure best practices are shared and implemented across Illinois. Illinois will also be informing CCIIO of any Navigator issues discovered through the state oversight process.

Outreach and Education

Brian Gorman, the Director of Outreach and Consumer Education, is leading the outreach and education initiatives of the Exchange. He is currently developing an outreach and education plan, which will be submitted to CCIIO in March. Feedback from stakeholders and consumer groups will be incorporated into this plan. Additionally, the Exchange team is working with HFS and DHS to coordinate outreach and education plans surrounding both IES and the Exchange to ensure a clear and consistent message is delivered to Illinois consumers.

- Outreach Staff: The Exchange team will hire a Deputy Director of Outreach and eight Regional Outreach Coordinators, who will report to the Director of Outreach and Consumer Education and give Illinois a greater outreach presence throughout the state. The Regional Outreach Coordinators will work with partners within their community to expand the reach and legitimacy of the Exchange and maximize existing networks and relationships in communities today.
- Outreach Database: The Exchange team will procure an outreach and education database to track consumers who have been touched by Exchange outreach efforts, including Assistants and Regional Outreach Coordinators. This database will be similar to the ones used by political campaigns and will assist the Exchange in tracking and targeting its education and outreach campaign. It will be used by the Exchange outreach staff to coordinate state-wide efforts to reach the uninsured and underinsured and to ensure the appropriate targeting of resources.

Marketing

Illinois intends to conduct a robust marketing and public relations campaign, in line with federal partnership Exchange guidance released in January 2013. Until a Director of Communications is hired, Brian Gorman, Director of Consumer Outreach, will be the lead staff on marketing, with assistance from other members of the Exchange team.

- Communications Director: The Exchange team will hire a Director of Communications to coordinate all public relations activities, including press and media inquiries and support and management of the marketing vendor.

- Marketing Vendor: The state is seeking technical assistance from a professional marketing and public relations firm to increase awareness of the new coverage operations provided by the ACA and drive consumers to the Assister website for enrollment in the Exchange. Illinois expects this vendor to utilize and build on market research already conducted by CMS and Enroll America, strategically apply market research to various Illinois target audiences, develop a brand for the Assister program and eventual State-based Exchange, and conduct public relations services, including creative development and production, media buys, establishing private partnerships, creating press packets, etc. The Exchange team plans to have the marketing vendor on board in early summer 2013 and will share the winning vendor's marketing plan with CMS/OC upon awarding the contract.
- Public Relations Campaign: Under the direction of the Director of Communications, the marketing vendor will implement a public relations campaign to increase enrollment in ACA healthcare affordability programs. The campaign will include television, radio, outdoor advertisements, print (newspaper, journal, magazine ads), direct mail, online/digital, outreach materials, and other non-traditional and/or grassroots marketing efforts. The Exchange team plans to have the marketing vendor on board in early summer 2013 and will share the winning vendor's marketing plan with CMS/OC upon awarding the contract.

Assister Website

Illinois marketing efforts will drive consumers to an Assister website, which will act as a landing page and provide a link to the FFE website and national call center hotline.

- Website Development: The marketing vendor will brand and design the Assister website as a landing page for coverage applications. Prior to October 1, 2013, it will be used to provide basic information about upcoming ACA coverage options and to collect information about Illinois consumers who wanted to be contacted with health reform updates and when open enrollment begins. The Assister website will also include contact information for Illinois Assisters and producers.

In addition to the assister website including a link to the FFE, it will include a link to the IES self-service portal (for Medicaid benefits) with basic screening questions to suggest use of the IES or FFE application to individuals. The link to both IES and the FFE, with screening questions, will prevent eligibility and enrollment delays for Medicaid-eligible individuals who otherwise would have entered through the FFE and had to wait to have their applications transferred to IES.

Additionally, Illinois plans to use the Assister website and Illinois-specific branding on it to help provide for a seamless transition from a Partnership Exchange in plan year 2014 to a State-based Exchange in plan year 2015. The marketing vendor will assist Illinois in the development of the brand and the transition from an Assister website to a State-based Exchange for plan year 2015.

Call Center

The State plans to procure a multi-tier call center to manage and respond to all inquiries related to a state-based Exchange, but is not requesting funding for this activity at this time. The Exchange team is continuing discussions with HFS and DHS around call center integration between the Exchange and IES. Currently, the Exchange is considering the pros and cons of leveraging the IES call center versus procuring a call center vendor specifically for the State-based Exchange.

Training and education of all call center staff on both the technical and policy related aspects of assisting consumers will include training on both public coverage and private health insurance options and be developed and delivered by UIC in their additional training curriculum developed for Illinois when it is a

State-based Exchange. The State contemplates the call center staff will be trained based on tiered needs ranging from simple questions to complicated lifestyle or medical needs to ensure consumers are receiving the appropriate level of care, and the State will work with both UIC and IES to develop the tiered structure and the policies and protocols for triaging and transferring calls between and among call center staff and other key resources and State agencies (such as the DOI OCHI hotline – the recipient of the ACA Consumer Assistance Program grant) to ensure that existing roles are not duplicated.

Exchange Website

Business requirements for the State-based Exchange website were defined in the HIX RFP.

- State-Based Exchange Website: Business requirements for the State-based Exchange website were defined in the HIX RFP and will therefore be developed by the HIX system vendor. These requirements included seamless integration between the SBE and IES portals, including the same look and feel and single sign on functionality for users, a “My Account” summary page which allows users to see benefits for all family members (individual Exchange, SHOP, Medicaid, CHIP, SNAP, and Cash Assistance) and report changes to all programs at the same time, an Assister (Navigator, IPC, producer, etc.), and design principles that take into account the research findings of the Pacific Business Group on Health (PBGH), and the user interfaces standards established by Enroll UX 2014, the incorporation of a robust plan finder tool.
- Assister Portal: The HIX system vendor will also be expected to build an Assister portal for Navigators, IPCs, and producers. This portal will allow applications completed by Assistors to be tracked in the system. It will also provide Assistors the tools they need to track the applications of consumers they serve, monitor where the application is in the eligibility and enrollment process, communicate with consumers they are assisting, etc.

Eligibility Determinations

Work related to eligibility determinations continues to be overseen by EMOG. In the HIX RFP, the HIX system vendor was required to utilize the rules engine within IES and maintain the HIX-specific rules. IES will not build the Exchange-specific rules into its eligibility rules engine until the completion of Phase 1 on October 1, 2013 as Illinois will be a Partnership Exchange for plan year 2014. Mike Koetting, Gabriela Moroney, and Laura Jaskierski are lead policy staff on this issue for the Exchange and IES teams.

Applications and Notices

Work related to applications and notices is accounted for in the business function requirements of the HIX RFP under each of the business areas (plan management, eligibility and enrollment, financial management, etc.).

Premium Tax Credit and Cost-Sharing Reduction Administration

Carriers will download and submit the federal templates through SERFF for review by DOI regulators and use by the FFE website. Under a State-based Exchange, Illinois will work to incorporate changes in federal policy as a result of final regulations into the planning documents, and work with federal partners to ensure any changes in technology or access to the federal Data Services Hub are accounted for in planning. The Exchange will leverage the Maximum APTC calculator provided by IRS through the Data Services Hub. Work related to tax credit and cost-sharing reductions is accounted for in the business function requirements of the HIX RFP.

Exemptions from Individual Responsibility

The HIX system vendor will be responsible for the system functionality of processing exemptions for the individual responsibility provision, and will coordinate with the IES vendor to ensure a seamless

workflow. The State will work to incorporate changes in policy as a result of final regulations into the planning documents, and work with federal partners to ensure any changes in technology or access to the Federal Data Services Hub are accounted for in the planning.

Adjudication of Appeals of Eligibility Determinations

Under a Partnership Exchange in 2014, IES and CCIIO will coordinate on the adjudication of appeals of eligibility determinations. The Illinois Exchange team will work collaboratively with the Medicaid Department through EMOG to further develop an appeals process that meets the mandatory minimum federal requirements, and provides a clear and streamlined process for individuals under a State-based Exchange. This will be a shared responsibility between the IES and Exchange teams, with an Office of Appeals established within the Exchange. Funding is not requested for this office at this time. Under the partnership Exchange and State-based Exchange, notification and appeals of employer liability for the Employee Responsibility Payment will occur directly between IRS and the employer. However, the State-based Exchange will notify employers if an employee receives a premium tax credit, as specified in the HIX RFP.

Information Reporting to IRS and Enrollee

Information reporting to IRS and enrollees were included as business requirements within the HIX RFP. The state will work to incorporate any changes in policy as a result of final regulations into the planning documents, and work with federal partners to ensure any changes in technology or access to the federal hub are accounted for in the planning. Albert Decker is the Security lead and Data Architect for the Design Management Team. Bill Backs is the Security lead for the IES Project Management Office for the IES project. HIX and IES are coordinating development of draft Security Plans and Safeguard Procedures Reports to ensure that IES and the Exchange meet all applicable NIST, CMS and IRS standards. Both teams have also been participating in the IRS weekly office hours to prepare for implementation requirements under a State-based Exchange in plan year 2015 and beyond. After the HIX system vendor is brought on board, they will assume responsibilities for working with Deloitte, the IES vendor on finalizing and implementing the SSP and SPR.

Enrollment Process

Exchange enrollment functionality was included in the RFP for the IL HIX operating system. The HIX RFP requires vendors to take into account Enroll UX 2014, or a best practice equivalent, in the design and placement of these elements, as well as the research results of PBGH and the functionality of Consumer CHECKBOOK. Additionally, policy and technical staff on the Exchange team will work to align processes and user testing of this functionality with carrier and employer communications in addition to individuals. Laura Jaskierski is identified as the lead policy staff on this issue for the Exchange team.

Financial Management

Business requirements for financial management functionality are included in the HIX RFP, including allowing for the billing, aggregation, and collection of premiums and remission of payments to plans for enrollees in both the Individual Exchange and SHOP; receiving, transmitting, and calculating information related to premium tax credits, advance payments, and CSRs for qualified individuals and small business tax credits on the SHOP; billing for and receiving assessments and/or user fees, or other revenues as defined by the State, to fund Exchange operations; and providing general business management functions, including but not limited to accounting and payroll for the Exchange, responding to State and federal audit requests. Max Fletcher is identified as the lead policy staff on this issue for the Exchange team.

SHOP-Specific Functions

SHOP-specific functions were included throughout the business requirements of the HIX RFP, including plan management, eligibility and enrollment, financial management, and oversight. The findings in SHOP reports produced by Wakely Consulting and UIC were used to inform the business requirements of

the HIX RFP. For example, the findings of the reports led to the inclusion of an agent/broker portal with tools to help them manage their books of business and the functionality to convey an estimation of an employer's small business tax credit during the plan selection process on the SHOP to employers. Additionally, the state will incorporate changes in policy as a result of final regulations into its business requirements, and work with federal partners to ensure any changes in technology or access to the federal Data Services Hub are accounted for in the planning.

Risk Adjustment and Reinsurance

Due to the demanding timeline for developing alternative methodologies and securing a reinsurance administrator, in November 2012, Wakely recommended that Illinois utilize the federal reinsurance program for plan year 2014. After examining the report and carefully evaluating state resources, Illinois ultimately decided to follow the recommendation for federal administration. The state will continually monitor its individual insurance market and reassess its options in future years. Illinois is not requesting funding for this activity at this time. Max Fletcher is identified as the lead policy staff on this issue for the Exchange team.

Exchange Policy Development

- Policy Research Assistants: The Exchange team continues to plan Partnership and State-based Exchange activities in line with federal guidance and state preferences. The Exchange team will hire two Policy Research Assistants to support state policy leads on the development of policy across all Exchange business requirements and activities.

Transition from a Partnership Exchange to a State-Based Exchange

The Exchange team remains hopeful that the Illinois Legislature will pass legislation in the spring of 2013 to create an Exchange governance structure and funding mechanism. As soon as legislation passes, Illinois will notify the Federal government so that planning for the transition, including the transfer of any enrollment data and other data conversion activities, may begin immediately. Exchange staff will ensure that the Design Management Team, HIX system vendor, and IES vendor work closely with CCIIO staff to map out a strategy to transfer Illinois consumers between the two systems as smoothly as possible. No funding is requested for this activity at this time. Tom Simonds will lead this effort for the Exchange IT team.

Resource Center

National research conducted by Enroll America found that 78% of uninsured adults lack awareness of new insurance options under the Affordable Care Act. Additionally, among the uninsured, Enroll America found high levels of skepticism toward the coverage among key audiences, a significant percentage of whom were discouraged because they have been uninsured for two or more years. The study found a majority without college degrees, and many individuals with low literacy and comprehension levels. The robust marketing, outreach, and education campaign executed by the Illinois Health Insurance Marketplace is expected to increase awareness – and generate a significant number of questions and requests for additional information from uninsured consumers who have not had access to health coverage before, underinsured individuals seeking information about new coverage opportunities, insured individuals wanting to know how the Marketplace impacts them, and small business owners seeking a better understanding of the SHOP. Illinois must provide these individuals with knowledgeable support in a timely manner to maximize the Illinois consumer experience for the major rollout of the new Marketplace and minimize consumer confusion within Illinois.

In order to address consumer questions about the new Marketplace leading up to and during open enrollment (and at a lower staffing level after open enrollment closes), Illinois will establish a Resource Center to provide direct education and consumer assistance by phone. Resource Center staff will receive a modified version of the training being provided to Illinois assisters and will answer basic consumer questions about the Marketplace, such as questions about the availability of financial support for Marketplace plans and exemptions from the individual responsibility provision, and direct individuals looking to enroll in coverage to a nearby assister or the appropriate call center for application assistance (IES call center and FFE call center) or post-enrollment support (DOI OCHI call center). Resource center staff and the IVR will be able to accept and accurately process and route calls in English and Spanish and will have language line capability to meet culturally and linguistically appropriate standards for consumers with other language needs. Illinois expects the average call time to be four minutes, plus one minute of after call work, and the number of monthly calls to range from 16,474 to 164,736, depending on the month as shown in the chart below (May 2013 through March 2014).

Estimated Call Distribution											
2%	5%	9%	10%	10%	10%	10%	20%	20%	2%	2%	100%
May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
18,374	45,936	82,685	91,872	91,872	91,872	91,872	183,744	183,744	18,374	18,374	918,720

By advertising the Resource Center toll-free phone number in Marketplace marketing materials, Illinois will be able to efficiently answer basic consumer questions generated by the marketing and outreach campaign and allow the IES, FFE, and OCHI call center agents to focus their efforts on eligibility and enrollment and post-enrollment support respectively – the most essential functions for the call centers – rather than being swamped with basic consumer questions. The Resource Center also furthers the goal of “no wrong door” as it currently appears consumers who call the wrong call center (IES versus FFE) will have their application transferred during the phone application process and will likely have to complete the application at a later time as both systems will use alternate means for income verification. Having the Resource Center staff direct consumers to the most appropriate call center will help increase the number of Illinois consumers who start in the right place and reduce the number of transferred applications (and resulting consumer confusion and delays).

Additionally, the Resource Center will be a resource for the Illinois Marketplace in collecting and analyzing trends and monitoring gaps in consumer education. The collected data will quickly help inform future outreach and education efforts as well as continuing education for In-Person Counselors and Certified Application Counselors. Illinois expects the Resource Center to meet a significant consumer need, allow the application and post-enrollment support call centers to best focus on their primary responsibilities, provide Illinois with immediate feedback at the ground level to inform future training and outreach efforts, and greatly increase the quality of consumer assistance and the overall consumer experience in Illinois.

Operational Gap Analysis

On October 16, 2012, Governor Pat Quinn sent a letter to HHS declaring that Illinois will enter into a Partnership Exchange with the Federal Government for plan year 2014, with the goal of being a State-Based Exchange for plan year 2015, pending state legislation. On November 16, 2012, Illinois submitted its Partnership Exchange Blueprint outlining how Illinois will logistically conduct its responsibilities as a Plan Management and Consumer Assistance Partner. Illinois is awaiting currently negotiating Plan Management and Consumer Assistance Memorandums of Understanding (MOUs) with CMS and is awaiting formal approval of its Blueprint application.

In preparation for Exchange implementation and in line with this transition strategy, on July 21, 2012, the Department of Insurance issued an RFP to build IT functionality for a Partnership Exchange for plan year 2014 and a state-based Exchange for plan year 2015. The procurement process is ongoing and the Exchange team hopes to make an award to a HIX system vendor in the near future. Additionally, an RFP was released on November 30, 2012 for an Independent Verification and Validation (IV&V) vendor for IES and the Exchange. The proposals for an IV&V vendor are currently being scored.

The Exchange team is currently preparing to operate Plan Management and Consumer Assistance activities as an Exchange Partner with CCIIO:

Plan Management

For plan year 2014, under the Partnership Exchange, Carriers will use SERFF to submit QHP applications to DOI and DOI regulators will use SERFF to review and recommend QHP applications to CCIIO. A QHP application workflow with DOI regulators was included in the Blueprint application and the Exchange Design Management Team is currently in the process of creating an analysis of the “as-is” services. For plan year 2014, this analysis will be used to identify places in the plan management workflow where efficiencies could be gained.

The HIX RFP required the winning vendor to create a comprehensive plan management solution as SERFF does not include full functionality for all plan management activities. When the HIX system RFP is awarded to a vendor, the Design Management Team will compare the “as-is” services analysis to the vendor’s proposed solution, the requirements in the RFP, and federal regulations to create an operational gap analysis. The functionality provided by the HIX system vendor will be used by DOI regulators regardless of whether Illinois is a Partnership or State-based Exchange.

Consumer Assistance

When analyzing the consumer assistance partnership responsibilities under a Partnership Exchange, the Exchange team recognized operational gaps in grant making, assister training, assister oversight, outreach tracking, outreach oversight, marketing and branding, external communications coordination, and an Assister website. The state is actively working to fill these gaps in time for a successful consumer assistance program.

- Grant Making: Exchange staff recognized the need for an efficient and automated grant making system to review and award IPC grants. DPH is in the process of refining its electronic grant making system and has agreed to let the Exchange utilize it for the implementation of its IPC program. The DPH system will facilitate the grant review process, application ranking, approval of applications, administration of awards, and electronic monitoring of grantee performance.
- Assister Training: Exchange staff recognized the need for a state-based training curriculum to complement the federal curriculum for Navigators and IPCs. To bring in expertise and increased capacity, the Exchange will be executing an IGA with the UIC School of Public Health. The Exchange team is currently working with IGA staff to develop a state-specific curriculum for Assisters, including training on Medicaid and CHIP and the uniqueness of the Illinois insurance marketplace. The training will focus on Illinois specific assistance programs, relevant state laws and codes, continuity of coverage and post-enrollment information, the needs of consumers with chronic health conditions, and other areas. UIC will propose a training plan at the end of February, with state input, to finalize the scope of work. Additionally, Exchange staff are working with Deloitte, HFS, and DHS to leverage the Medicaid, CHIP, and IES curriculum being developed for Medicaid caseworkers to prevent duplication and maintain consistent training across state programs. UIC will deliver the training to Assisters at its existing facilities throughout the state. UIC will also be developing continuing education trainings and webinars

for Assisters after open enrollment begins based on trainings gaps identified through a feedback loop created between the Exchange staff and Assisters in the field.

- Assister Oversight: In order to provide the proper level of oversight and technical assistance to IPC grantees, the Exchange will hire two Assistant Oversight Coordinators to review reports and ensure best practices are shared and utilized among IPCs. The Assistant Oversight Coordinators will also act on consumer complaints filed against IPCs through the DOI OCHI hotline or the national federal call center. Additionally, Exchange staff will notify CCIIO of any oversight issues specific to Navigator grantees.
- Outreach Tracking: Exchange staff recognized the need to track outreach activities and consumer contacts made to more effectively target outreach resources and maximize enrollment. As a result, the Exchange will procure a database similar to those used by political campaigns to track Assister productivity, the number and attendance at outreach events, etc. The database will run reports and allow for data analysis to determine strengths, weaknesses, and the effectiveness of the Illinois consumer outreach campaign, allowing staff to make real-time adjustments to strategy and resources levels in various parts of the state.
- Outreach: The Exchange team will hire a Deputy Director of Outreach and eight Regional Outreach Coordinators, who will report to the Director of Outreach and Consumer Education and give Illinois a greater outreach presence throughout the state. The Regional Outreach Coordinators will be responsible for the daily outreach activities within their region, will be a local point of contact for assisters, and will funnel observations and requests for assistance to the Deputy Director of Outreach and Consumer Education.
- Marketing and Branding: Exchange staff recognized the need for professional services from a marketing firm to target market activities to Illinois based on the results of market research (including leveraging the research already conducted by CMS and Enroll America), develop a brand for the Assister program and eventual state-based Exchange, and conduct public relations services, including creative development and production, media buys, establishing private partnerships, creating press packets, etc. The public relations campaign will include television, radio, outdoor advertisements, print (newspaper, journal, magazine ads), direct mail, online/digital, outreach materials, and other non-traditional and/or grassroots marketing efforts. The Exchange team is in the process of drafting an RFP and hopes to have a winning vendor by early summer 2013.
- External Communications Coordination: The Exchange team will hire a Director of Communications to coordinate all public relations activities, including press and media inquiries and support and management of the marketing vendor. The Director of Communications will approve proposals developed by the marketing vendor before they are implemented to ensure a consistent and coordinated message from the Exchange.
- Assister Website: The marketing vendor will brand and create the Assister website as a landing page for Illinois consumers. Prior to October 1, 2013, it will be used to provide basic information about upcoming ACA coverage options and to collect information about Illinois consumers who wanted to be contacted with health reform updates and when open enrollment begins. The website will also be utilized to ease the transition from a Partnership Exchange in 2014 to a State-based Exchange in 2015 through consistent branding.

Additionally, Exchange and IES staff have learned from CMCS that the transfer of eligibility applications from the FFE to IES will not be real-time. To prevent eligibility delays due to the transferring of application data, the IES or IES PMO vendor will develop screening questions on the Assister website that will suggest to consumers if they should apply through the FFE link or the IES link on the website. This will reduce eligibility and enrollment delays caused when applications needs to be passed between the FFE and IES.

- Resource Center: The robust marketing, outreach, and education campaign conducted by the Illinois Health Insurance Marketplace is expected to generate a significant number of requests and questions from consumers that the state will be expected to answer. To meet this need, the Marketplace will procure a vendor to provide staffing for a Resource Center. Resource Center staff will answer basic Marketplace questions and transfer consumers looking to apply for coverage or file complaints or appeals against QHPs to the appropriate call center (IES, FFE, or OCHI). As a result, Illinois expects the average call time to be four minutes, with Resource Center staff answering calls in English and Spanish and using a language line to meet culturally and linguistically appropriate standards for consumers with other language needs. By filling this role, the Resource Center will help deflect call volume generated from Marketplace marketing and outreach efforts from the call centers, allowing the call center staff at IES, FFE, and OCHI to focus on their primary functions of eligibility, enrollment, and post-enrollment support. Additionally, the Resource Center will report metrics to the Marketplace staff to ensure sufficient support is provided to Illinois consumers and to quickly identify outreach gaps or confusion among Illinois consumers. Procuring a one-year contract with a vendor allows Illinois to maintain maximum staffing level flexibility to account for differentiating call volumes during and outside of open enrollment, as well as funding and transition issues as a Partnership Exchange planning to transition to a State-based Exchange.

Additionally, the Exchange team is continuing the planning process for operation of a State-based Exchange for plan year 2015:

Vendor Preparation Meetings

In anticipation of awarding the HIX RFP, the Design Management Team has been hosting weekly vendor Preparation Meetings with Exchange staff. The meetings have been used to document crystallize a shared-vision among policy staff of required and preferred Exchange functions; develop a system build governance structure, including the discussion of various decision making committees and the appropriate team members to staff them; and educate staff about the processes surrounding large system builds, including communication plans, quality plans, issues and risk tracking and reporting, etc.

Exchange Website (including SHOP specific functions)

Business requirements for the Individual Exchange and SHOP websites were included in the HIX system RFP. When an award is made to a vendor, the Exchange Design Management Team will conduct an assessment of the vendor's proposed solution, the requirements in the RFP and federal regulations to create an operational gap analysis. A gap analysis will also be conducted for all of the necessary integration points between the HIX system vendor's proposed system and the Deloitte IES. This will not only include the use of shared databases and transfer of data, but will also include ensuring that Enroll UX 2014 user interface principles are included, the look and feel of the two systems provide a seamless user experience, single sign on is utilized as consumers migrate between the two systems, and a "My Account" page that pulls benefit enrollment data from both systems and allows consumers to update information for all benefits through one place is implemented.

Eligibility

The HIX RFP requires the HIX system vendor to utilize the IES rules engine for eligibility determinations and maintain HIX-related rules. Medicaid, CHIP, SNAP, and Cash Assistance rules are currently being refined within the IRS rules engine, but Exchange-specific rules will not be added until after October 1, 2013 as Illinois will be a Partnership Exchange for plan year 2014. The use of the shared rules engine by IES and the HIX system vendors will be collaborative process and will continue to be overseen by EMOG to ensure coordination among the Exchange staff, HFS, and DHS. HIX rules will include the determination of Minimum Essential Coverage and HIX system vendor will leverage the federal Data Hub for the determination of the maximum APTC calculation.

Additionally, IES will not be accepting data from IRS in Phase 1 (prior to October 1, 2013), while Illinois is a Partnership Exchange. Deloitte will be responsible for adding this functionality, including the necessary privacy and security standards, to the IES for implementation of a State-based Exchange. The Design Management Team is currently monitoring the privacy and security requirements as established by IES and will conduct an operational gap analysis with the IES PMO to ensure all standards are met, including the secure transfer of data between the IES and Exchange system.

Eligibility Appeals

In February 2012, the State held an initial inter-agency meeting with subject matter experts from HFS, DHS, and DOI to initiate the development of a policy surrounding eligibility determination appeals. The state continues to analyze its current Medicaid appeals program in order to determine both how to incorporate new ACA requirements as well as the extent to which it could serve as a model for appeals of eligibility determinations in IES and a SBE as well as appeals of premium tax credit, and cost-sharing reduction determinations within the SBE. This development will require a collaborative process between the IES and HIX system vendors and the issue as it relates to IES and HIX coordination will continue to be overseen by EMOG. The Exchange Design Management Team will work with the IES PMO to conduct an assessment of the winning HIX system vendor's proposed solution, IES functionality, and the requirements in the RFP and federal regulations to create an operational gap analysis.

Call Center

The State plans to use a multi-tier call center to manage and respond to all inquiries related to a state-based Exchange, but is not requesting funding for this activity at this time. The Exchange team is continuing discussions with HFS and DHS around call center integration between the Exchange and IES. Currently, the Exchange is considering the pros and cons of leveraging the IES call center versus procuring a call center vendor under a State-based Exchange. Additionally, the HIX RFP requires the HIX system vendor to include functionality that may be used by a call center and the Design Management Team will create an operational gap analysis between the requirements in the RFP and the winning vendor's proposed solution.

Enrollment

The HIX RFP requires the vendor to take into account Enroll UX 2014, or a best practice equivalent, in the design and placement of the enrollment functionality and to leverage the research conducted by the PBGH. Exchange staff have been monitoring PBGH research results as they are released. The Exchange Design Management Team will conduct an assessment of the winning HIX system vendor's proposed solution, the requirements in the RFP, and federal regulations to create an operational gap analysis upon award of the HIX RFP contract. Additionally, policy and technical staff on the Exchange team will work to align processes and user testing of this functionality with carrier and employer communications in addition to individuals.

Financial Management

Business requirements for financial management functionality are included in the HIX RFP, including allowing for the billing, aggregation, and collection of premiums and remission of payments, billing for

and receiving assessments and/or user fees, or other revenues as defined by the State to fund Exchange operations; and providing general business management functions, including but not limited to accounting and payroll for the HIX and responding to State and federal audit requests. The Exchange Design Management Team will conduct an assessment of the winning HIX system vendor's proposed solution, the requirements in the RFP, and federal regulations to create an operational gap analysis upon award of the HIX RFP contract.

Applications, Notices, and Reporting

Business requirements related to applications and notices is integrated into the business function requirements of the HIX RFP under each of the business areas (plan management, eligibility and enrollment, financial management, etc.), as well as reporting functionality to be utilized by Exchange staff for management purposes. Additionally, the Exchange Design Management Team will work with the IES PMO to conduct a gap analysis and identify integration points between the winning HIX system vendor's proposed solution and IES.

Oversight

The HIX RFP included oversight business requirements to strengthen program integrity by generating data for internal and external reports and evaluation and providing privacy and security standards for protecting personal information required by the state and federal government. The RFP also noted that the Exchange is expected to practice sound accounting policies to ensure financial sustainability and promote accountability to Exchange management, state and federal government officials, and the public. The Exchange Design Management Team will conduct an assessment of the winning HIX system vendor's proposed solution, the requirements in the RFP, and federal regulations to create an operational gap analysis upon award of the HIX RFP contract. Additionally, Albert Decker of the Design Management Team is the lead security expert for data security standards required by IRS and is currently developing a Security Plan to ensure the Exchange meets all IRS standards; he will lead the operational gap analysis effort for the Exchange team and coordinate with the IES PMO on applicable integration points between the Exchange and IES systems.

Exchange Policy Development

- Policy Research Assistants: The Exchange team continues to plan Partnership and State-based Exchange activities in line with federal guidance and state preferences. The Exchange team will hire two Policy Research Assistants to support state policy leads on the development of policy across all Exchange business requirements and activities.

Transition from a Partnership Exchange to a State-based Exchange

The Exchange team remains hopeful that the Illinois Legislature will pass legislation in the spring of 2013 to create an Exchange governance structure and funding mechanism. As soon as legislation passes, Illinois will notify the Federal government so that planning for the transition, including the transfer of any enrollment data and other data conversion activities, may begin immediately. Exchange staff will ensure that the Design Management Team, HIX vendor, and IES vendor work closely with CCIIO staff to map out a strategy to transfer Illinois consumers between the two systems as smoothly as possible. No funding is requested for this activity at this time.

IT Gap Analysis

Please see the "Past Progress" section of this application for a discussion of the State's IT Gap Analysis.

Actuarial and Market Analysis

Illinois has conducted a wide array of actuarial and market analysis in the areas of rates, benefits, issuers, and potential consumers to be served through the Marketplace. The Deloitte background research report

provided a detailed analysis of the state's current market, including a breakdown of the population by coverage status, an analysis of current affordability and other barriers to coverage, a survey of carriers revealing a highly concentrated market, and a projection through 2020 of enrollment in both the expanded Medicaid program as well as the individual and SHOP plans offered on the Marketplace.

The HMA/Wakely-produced Needs Assessment report provided estimates for average premium rates by metal tier in 2014 and 2015. Wakely was again commissioned for an analysis of Essential Health Benefit benchmark plan options, and provided actuarial analysis of the premium impact of each potential selection. Separately, HMA is currently finalizing a report providing an in-depth analysis of the state's uninsured population to guide the state's selection of in-person assisters.

The University of Illinois-Chicago conducted a survey and focus groups of Illinois small business owners and benefits managers which provided data on a number of topics, including the current state of the small group health market in Illinois, potential functions of the Exchange, the role of agents and brokers, and knowledge of relevant ACA provisions such as the Small Business Health Care Tax Credit.

Finally, in October 2012 the Department of Insurance conducted an informal survey in which state insurers were asked whether they were planning to sell on the Marketplace. Over a dozen carriers responded affirmatively, estimating that they would offer upwards of five hundred plans for sale on the Illinois Marketplace.

Stakeholder consultation

As noted in the project progress section, Illinois has facilitated robust stakeholder consultation around the Exchange. Illinois has consistently solicited the advice and opinions of a wide variety of stakeholders through the Governor's HRIC. Additionally, DOI has facilitated stakeholder groups and participated in the MAC.

While participating in the State Partnership within the Federally-facilitated Exchange, Illinois will continue to consult with stakeholders. The state's outreach plan for the Partnership is currently in development and will address working with stakeholders to engage and incorporate their input in our overall approach. The Director of Outreach and Public Engagement will form an Advisory Committee of consumer advocate partners charged with making recommendations for the formal outreach plan.

Additionally, the state is working on a supplemental training plan for Navigators and In-person Counselors, as allowed by the Guidance on State Partnership Exchange. This training will focus on state specific information that all Assisters should know. We recognize that stakeholders know their communities and constituencies well and therefore intend to utilize their expertise in the curriculum development process. The state intends to collaborate with the state university system and the UIC School of Public Health for curriculum development. The School of Public Health has the ability to bring together many stakeholders and provides a neutral forum for discussion and input.

The state anticipates transitioning from a Partnership to a State-based Exchange in 2015. In our State-based Exchange model, we will continue working with stakeholders to make sure they continue to be engaged in this process. The HRIC has been the primary vehicle for stakeholder consultation in Illinois, and will remain important for input even after the implementation of a State-based Exchange. The HRIC will work in coordination with the Exchange Board to ensure that efforts aren't duplicated and information is shared between the entities. Stakeholders will also continue to be consulted on the state's outreach plan under the State-based Exchange model.

Long-term Operational Cost Analysis

For a discussion of the state's planning activities related to Long-Term Operational Cost Analysis, please refer to the Past Progress section of the Project Narrative. The following timeline represents a scenario in which Illinois transitions from a State Partnership to a State-based Exchange beginning in plan year 2015.

February 2013-April 2013	State conducts Partnership activities and planning activities for a State-based Exchange using current grant funding.
April 2013	State receives funding awarded as a result of this grant application.
April 2013-September 2014	State operates Partnership activities using both previous funding and funding awarded as a result of this grant application. Simultaneously, the State continues planning for the implementation of a State-based Exchange, working with the FFE to perform all necessary transitional activities.
October 2014	Open enrollment for plan year 2015 begins through the State-based Exchange, which officially commences operations.
January 2015-December 2015	State levies assessments on relevant entities, though Section 1311. Grant funding may continue to be utilized during first year of operations.
January 1, 2016	All grant funds expire, and State Marketplace is fully self sustaining.

Should Illinois fail to establish a State-based Marketplace for plan year 2015, the State will evaluate its options for the future, including whether or not to continue to operate as a Partnership under the alternative financing mentioned in recently released HHS guidance on State Partnerships.

Exchange IT Systems

Illinois HIX Operating System Procurement and Design

- **HIX Design Management Team:** Given the breadth of work required to establish an Exchange within the federally mandated timelines, DOI has acquired an experienced and qualified vendor to provide an IT Design Management team of three individuals to assist with Illinois Health Benefits Exchange Project and report to the IT Project Manager. This team includes one Senior Business Analyst/Business Architect, one Technical Architect and one Senior Data Analyst/Data Architect, to assist with conducting research, analysis and identifying detailed requirements for an Exchange to meet the mandatory federal timeline for the development of a state-based Exchange. DOI has issued a separate RFP for the full Exchange system and supporting infrastructure (see below). The Design Management Team works collaboratively under the Exchange IT Project Manager to coordinate and support the efforts of the successful Exchange system vendor. The State assumes responsibility for the ongoing build and maintenance of the Illinois Exchange IT infrastructure until transition to an Exchange entity independent of State government within the next 6 to 12 months, upon passage of State Exchange legislation.

Achieving the scope and magnitude of effort required to comply with the timelines in the ACA cannot be accomplished without a significant and focused Design Management Team dedicated to this project. The Design Management Team is capable of supporting a multi-phase system development and implementation project through integration of existing Commercial off the Shelf (COTS) software, Government off the Shelf (GOTS) software and custom designed and developed software. The research,

planning and documenting of functional and technical requirements for the Exchange by this team will be used to ensure the IT infrastructure for an Illinois Exchange can be designed and built to meet both federal and state mandated timelines and requirements. The reporting will inform future procurements to purchase or build the functionality (both hardware and software) that will actually achieve the operational goals of an Illinois Exchange. This team works collaboratively with other state-based IT teams working on the specifications, design and build of IES, as it will with the Exchange SI vendor.

- HIX IT Systems Integration/Implementation Vendor. The State will require significant resources to perform the detailed design and implementation of an Exchange system in Illinois. Given the lack of clear direction on the governance and eventual “home” of the Exchange IT system, it would be impossible for the State to internally hire the staff to conduct this work, even if it thought such an approach desirable. Rather, the State has released an RFP to begin work on an HIX operating system. As the Exchange structure is solidified, responsibility will be passed to the Exchange. The procurement process is in progress, the process is completing the BAFO stage, and a vendor selection process is scheduled to be completed and the vendor on board with a proposed start date of April 1, 2013. Due to the very aggressive timeline to maintain compliance with federal funding requirements, it is anticipated that a single vendor will require a number of development teams designing, developing and testing different functional areas in parallel. Funding for this effort has been included in the grant application.
 - Privacy and Security Staff: Incorporating requirements to insure comprehensive and appropriate security and privacy controls is essential to the system design. The ongoing operation of the Exchange will likewise require technical, operational and management policies and procedures to ensure that all necessary security controls are in place, followed and audited regularly. It is the responsibility of the Exchange to ensure the incorporation of all applicable internal/external information security into the Illinois Exchange systems in accordance with CMS Technical Reference Architecture guidance. Therefore, the State believes it is essential that a lead privacy and security resource be brought onto the project to serve as the official point of contact and hold responsibility for all security and privacy related issues. The RFP for the HIX system requires a technical architect with knowledge and experience with the National Institute of Standards and Technology (NIST) Risk Management Framework (RMF) and privacy and security requirements for safeguarding Federal Tax Information.

Integrated Eligibility System

Illinois continues to develop the IES to serve the Exchange, Medicaid, SNAP, and TANF. The proposed IAPD has been submitted and the RFP was posted on March 26, 2012. Deloitte Consulting was selected as the System Implementation vendor for the IES.

CSG has been chosen as the PMO vendor for the IES Project and is fully staffed and engaged in the system development process.

Like the HIX system, the IES also requires an IV&V vendor. The procurement process for the IV&V vendor is in progress and has been designed to secure a single IV&V vendor to provide services for both the HIX and IES projects.

This proposal seeks funding for the Exchange share of the IES as estimated through April 1, 2014. The amount of funding will vary by quarter as expenditures are related to major activities, especially purchase of hardware and software.

Seven Standards and Conditions

The State of Illinois understands that the Seven Standards and Conditions are required components of a new systems application to be eligible for Federal funding. Currently, there is a system development RFP in the final stages of the procurement process, which is in the BAFO stage, with an anticipated startup date of April 1, 2013. The RFP clearly states that all proposing vendors must meet the Seven Standards and Conditions in their proposal. The review of the proposals documents the vendors clearly stating they understand the Seven Standards and Conditions and explain their process as to how these will be achieved in the final product.

Organizational Structure

The Exchange team currently in place, as described in the Past Progress section on Organizational Structure above, will be supplemented by new key personnel in order to support necessary activities as Illinois moves toward implementation of State Partnership Exchange activities in 2013 and 2014 and a State-based Exchange in 2014 and 2015. A Director of Operations will be added to the Policy and Operations team to assist the Exchange Director in managing the team and setting strategic priorities. A Director of Finance and a General Counsel will be added to the leadership team to manage legal and financial issues, and will report to the Exchange Director. An additional Policy Analyst will report to the Director of Operations.

To support Outreach and Consumer Assistance activities, a Deputy Director of Outreach and 8 Regional Outreach Coordinators will be hired. These positions will report to the Director of Outreach and will serve as regional coordinators in implementing the State's Outreach plan and providing support for local Navigators and In-Person Assisters. In implementing the Navigator and IPA oversight requirements, the State will hire two Grant Monitors out of its Department of Public Health, which has overseen several previous state-wide grant programs. Grant funding will also support two Grant Reviewers at 50% time to coordinate selection of In-Person Assister grantees.

Finally, three intergovernmental agreements (IGA) have been approved within the State to support Exchange activities. DOI, HFS, and the Office of the Governor executed an intergovernmental agreement on February 22, 2011. This agreement permits DOI to share planning grant funding with HFS and the Governor's Office as needed for purposes related to the Exchange. The second IGA, executed October 3, 2011, is between DOI, HFS, DHS and the Governor's Office and relates to the collaboration across the activities of these key Departments and agencies related to the establishment of an Exchange specifically for the Level 1 grants. A third IGA was executed on March 12, 2012 between HFS, DOI, DHS and the Governor's Office specifically related to IES activities (including management of funding provided through Medicaid match). IGAs will be amended and/or replaced as necessary once an Illinois State-Based Exchange is established by Illinois statute.

State-Federal Coordination

Partnership Exchange Coordination

The Exchange team and DOI are in the process of negotiating Plan Management and Consumer Assistance MOU with CCIIO to outline the terms for state-federal coordination under and Partnership Exchange.

For plan management, DOI regulators will review QHP applicants through SERFF and recommend QHP applicants to CCIIO for certification through the transition of plans from SERFF to HIOS. DOI regulators will conduct oversight of QHPs throughout the plan year and will notify CCIIO of any state actions or recommendations concerning QHP certifications outside the annual certification review process, including plans that may need to be considered for decertification. The state and CCIIO will track complaints jointly through use of the CMS complaint tracking system or an alternative state complaint tracking system and will coordinate, to the extent practicable, in efforts to investigate and resolve consumer complaints which the state has forwarded to or received from CMS. Additionally, the

state and CCIIO will coordinate in the application of enforcement activities when policy issues or compliance violations have consequences per state law, market reform, and Exchange standards. The state will provide CCIIO with monthly summary activity updates (*e.g.*, consumer complaint statistics and appeals data) to identify ongoing State-Federal partnership opportunities for successful implementation of the Exchange and direct QHP issuers, when necessary, to appropriate CCIIO contacts for problem resolution. Overall, both parties will maintain open lines of communication between designated staff at both the managerial and technical levels for Exchange functions that are shared under the Plan Management Partnership Exchange.

For consumer assistance, the state will develop, in coordination with CMS, processes to share complaints about the Exchange, which are received from Navigators, in-person assistance personnel, consumers, and other sources and work with CCIIO to develop an appropriate consumer complaint referral and resolution process for the Exchange. The state will also ensure that state-specific training for Assistants compliments, rather than duplicates, the federal training that will be provided and will inform CCIIO of any complaints received against Navigator grantees and coordinate with CCIIO on the proper investigation and resolution of those complaints. Additionally, the state will align outreach, education, and campaign efforts with the overall Exchange strategy and CMS-operated consumer facing channels, report media campaign and outreach metrics to CMS on a monthly basis, and share media campaign plans and supporting documentation with CMS/OC early in the design phase to ensure consistency between national and state themes and messages. The state will also work with CMS to ensure the joint security of any connected systems and the data stored, processed, and transmitted through the system consistent with privacy and security policies and procedures developed by CMS for the Exchange. Overall, both parties will maintain open lines of communication between designated staff at both the managerial and technical levels for shared functions under the Consumer Assistance Partnership Exchange.

Additionally, IES will coordinate with the FFE on eligibility determinations. Illinois has selected the Medicaid assessment model. As a result, Illinois consumers who apply through the FFE and are likely Medicaid eligible will have their account data transferred to IES for a final Medicaid determination. IES will enroll applicants who are determined to be Medicaid or CHIP eligible and will transfer any applicants who are determined to not be Medicaid or CHIP eligible to the FFE for enrollment through the federal Health Insurance Marketplace. The FFE and IES will notify each other when life events cause the change in an eligibility determination for previously enrolled individuals. Additionally, the IES will conduct warm transfers to the federal, national call center for individual who are not Medicaid eligible, however, the federal call center will not conduct transfers to the IES call center. The IES team continues to work with CMCS and CCIIO to ensure appropriate coordination between the IES and FFE for eligibility determinations.

Coordination for the Transition of a Partnership Exchange to a State-based Exchange

Upon the passage of state legislation that creates a State-based Exchange governance structure and financing mechanism, Illinois will notify the Federal government so that planning for the transition from a Partnership Exchange to a State-based Exchange may begin, including necessary planning for the transfer of any enrolment data and other data conversion activities. Exchange staff will ensure that the Design Management Team, HIX system vendor, and IES vendor work closely with CCIIO staff to map out a strategy to transfer Illinois consumers between the two systems as smoothly and seamlessly as possible.

State-Based Exchange Coordination

As a State-based Exchange, Illinois will continue to coordinate with CCIIO to meet any required reporting standards. The HIX RFP included business requirements to ensure the Exchange would have the necessary functionality to report timely and receive accurate data to federal agencies and other interested third parties. For example, Illinois anticipates reporting enrollment data and individuals

eligible for and electing to receive advance premium tax credits (including the level selected by the individual) and cost sharing subsidies and any subsequent eligibility changes for this financial assistance. The state expects that it will have an MOU that outlines coordination expectations with the federal government under a State-based Exchange and is required to meeting all federal requirements.

Reuse, Sharing, and Collaboration (beyond IT systems)

The State intends to continue its commitment to reuse, share, and collaborate around Partnership activities. This includes participating on all CCHIO User Group Calls, sharing documents on CALT, and actively engaging with other states on best practices. In addition, DOI will continue to actively participate on NAIC-sponsored peer learning calls.

Financial Integrity Mechanisms

For a complete discussion of current Illinois practices to ensure financial integrity mechanisms are in place to prevent fraud, waste, and abuse and to provide oversight of Exchange Establishment and other ACA Grant funding, please see the “Program Integrity” section of the “Past Progress” section of this application.

As the state moves forward with the implementation of State Partnership Exchange activities in 2013 and 2014 while simultaneously continuing planning necessary to establish a State-based Exchange in 2015, it is looking to hire a full time financial manager to ensure continued success in complying with all HHS and state policies regarding grant funding. The state has requested funding for this position as part of this grant application.

Challenges that may Affect Work Plan Progress

The Marketplace

The Marketplace, being a new program, will present a new set of opportunities to the Marketplace team as well as the HIX system vendor. All of the policies, rules and regulations have not been formalized as of this time. As more information becomes available, the teams need to be nimble in effecting the changes and adapting the current plans and processes to accommodate the changes. The team is developing a risk matrix to attempt to identify the type of changes which may occur and develop a mitigation plan for dealing with them. In the event a change in policy or direction occurs, the Marketplace team will meet to discuss the change and evaluate the impact of the change and discuss the options with the HIX system vendor to come up with a workable plan for accommodating the change with minimal damage to the current project plan.

Implementation of FFE and SBE

As the State of Illinois is planning on starting with the FFE and transitioning to a SBE, this will add another set of variables into the project implementation mix. The Marketplace team will be managing concurrent projects in order to implement the FFE for the October 1, 2013 deadline while simultaneously allowing for the appropriate functionality to be designed and implemented for the October 1, 2014 deadline for SBE open enrollment. Appropriate planning and staffing for the requirements definition, development, testing and implementation of each phase of the project is critical to the success of the Marketplace. The State has contracted with First Data for a Design Management Team which has the responsibility of assisting the Marketplace Team with the management of the selected HIX System vendor through implementation of the project.

Compressed Schedule

Based on the projected start date of the HIX System vendor and the federally required completion dates, the schedule originally proposed by the selected vendor in its RFP response will require compression. This will require multiple development and business workflows occurring at the same time in order to get everything in place for Implementation. This is a challenge for the State team as they will have to supply

the appropriate staff when requested by the vendor and will need to be able to perform the appropriate quality checks as the project progresses to keep on schedule. The points below will require constant monitoring and adjustment for the project to be successful and appropriate plans will be developed.

- Development Phase Synchronization
- Appropriate number of staff
- Staff Multi-tasking
- Multiple vendor deliverables

Resources

A project of this size requires a large number of staff to adequately manage all of the activities scheduled for completion. Based on the short time frame to completion, the state will need to staff up accordingly and has developed a staffing plan to address the number and skill levels of staff to acquire. The short time frame to bring the newly acquired staff up to speed means that current staff will need to be involved with the on-boarding process in a strategic way. This will require applying staff integration strategies which will include mentoring and the development of appropriate orientation materials.

Training

Multiple areas of training need to be addressed for the project. These include internal training for parties who will be administering the Marketplace, as well as external training for partners and stakeholders who will be using the market place and responding to inquiries. One of the Key Personnel to be provided by the HIX System vendor is a Training Manager who will be required to assess the levels of information which will need to be available to the appropriate parties. Based on the Marketplace start dates, this task will be exacerbated as the number of training sessions which will need to be administered concurrently will be difficult to coordinate and manage.

Stakeholder Management

The Marketplace project is a complex project consisting of multiple pieces. Each of these pieces requires interaction with other parties, such as stakeholders, partners and other interested and affected parties. Effective management and communication with these parties requires a plan to be developed. This plan needs to identify the following:

- Who are the stakeholders, partners, other interested parties, etc.?
- What type of interaction is required?
- How should this interaction be communicated; frequency, media, meetings, etc.
- What staffing levels are required to implement this plan?

The Stakeholder Management Plan is being developed to address these challenges and provide a blueprint for ensuring the right people are advised with the proper information at the appropriate time. An intensive effort is required at the start up due to the project time frame and the staffing for the effort will be part of the plan.

SHOP

As Illinois will be operating as a State Partnership in plan year 2014, the State will not have control of the SHOP program until it transitions to a State-based Exchange in 2015. However, the state has conducted considerable research into the operation of a SHOP Exchange, as it recognizes the unique challenges of creating a sustainable SHOP market where incentives for participation are much less strong than in the individual market. A May 2012 report produced by Wakely Consulting explored the impact of the Employee Choice model required by statute, as well as other potential models of choice (including

offering a choice of any plan, offering a single plan, or offering a pre-selected set of plans). Allowing a greater degree of choice could foster more competition by allowing new entrants that may only appeal to certain members of a group (such as limited network plans) the opportunity to gain market share. Unfortunately, many of the policy choices that go into developing a strategic plan for addressing market issues will need to be made in legislation or through action by an appointed board. The State has not yet passed legislation establishing a State-based Exchange, but will provide to the board the research it has obtained once it is in place.

The State sought out the opinions of small business owners through a survey conducted by UIC. The survey revealed that small businesses valued price far more than any other attribute of a plan, with wide access to providers coming in a distant second (other choices, in descending order of importance, included comprehensiveness of benefits, reputation of provider network, administrative ease, carrier reputation, and convenient access to providers). The survey also asked small business owners about the appeal of various services offered on the Exchange, with the most popular services being a calculation of costs for covering (or not covering) employees and the display of clear information about health insurance options.

The information gathered from the survey was utilized in the development of the HIX system RFP, and will also be utilized in the marketing program for which the state is requesting funding through this application. The state has also met with producer groups and sought to keep them informed of activities related to the Exchange. The state will continue to conduct outreach to this community to encourage use of the FFE.